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Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

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PIPER CONTINUING PRODUCTION AS WICKES PLANS LSI TAKEOVER

Piper Aircraft Corp. and its 1,100 employes in Vero Beach, Fla. were building aircraft and "continuing to function as we always have" last week despite ongoing speculation that the company would be shut down or spun off if Wickes Companies completes its planned acquisition of Lear Siegler Inc., Piper's parent company. Wickes and LSI announced an agreement last week under which Wickes would pay $93 per common share and $232.50 per preferred share—a total of $1.7 billion--for LSI. Wickes launched a tender offer under those terms last week aimed at acquiring all 17.9 million LSI common shares and the 177,000 preferred shares. That offer is due to expire Dec. 11. AFG Partners—a joint venture of AFG Industries and Wagner & Brown—had earlier offered $85 per common share for LSI, but later agreed to sell its LSI shares to Wickes (BA, Nov. 10/145).

Principals in AFG had indicated earlier that they were considering shutting down Piper's new aircraft production operations or selling them off to an outside buyer. Spokesmen for Wickes refused to comment on that company's plans for Piper, which served to keep the speculation rumors alive. A Piper spokesman said top Piper officials have received no indication of what Wickes plans for the company, but said the speculation is somewhat ironic because Piper is currently in better financial shape than at any time since LSI acquired it in February of 1984.

After suspending production of all but three models for four months early this year, Piper resumed most production work this spring (BA, April 28/129) and is currently building 11 different models ranging from the Warrior through the Cheyenne 400 LS. In addition, the company developed a backlog of orders that includes 156 aircraft kits for Embraer of Brazil, seven Cheyenne IIIAs for Lufthansa and Alitalia, 25 aircraft for the new British Aerospace training facility (BA, Nov. 3/139), eight Cheyenne IIIAs for the U.S. Customs Service with options for eight more and 10 Dakotas for Indonesia. The spokesman said Piper, which has lost money since LSI bought it, is very close to the financial breakeven point.

Acquisition of Piper, which was included in LSI's acquisition of Bangor Punta Corp., has been an expensive proposition for Santa Monica-based LSI. In addition to millions of dollars in operating losses incurred by Piper since the acquisition, LSI has set aside some $119 million in reserves for future product liability claims against Piper.

GAO REPORT SAYS MOST CONTROLLERS AGAINST REHIRING STRIKERS

General Accounting Office, in a soon-to-be-released report, says that most of the controller work force does not want their Professional Air Traffic Controllers Organization counterparts rehired. But Rep. Guy Molinari (R-N.Y.), a member of the House Public Works investigations subcommittee, calls the report an "incomplete and misleading analysis which ignores a number of important findings." Molinari says he intends to reintroduce legislation mandating rehiring up to 1,000 of the former controllers who sturck in 1981.

The GAO report says that about 60 percent of current controllers, supervisors and staff and 85 percent of facility managers oppose any rehiring. The report says that while more than 90 percent of those fired are interested in returning to FAA as controllers, about 58 percent of the current work

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – OCTOBER UNIT SHIPMENTS

		Oct. 86	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	0	3
TB-10	Tobago	3	36
TB-20	Trinidad	3	27
TB-21	Trinidad TC	1	8
R110		0	1
R180		0	0
R235		0	0
TOTAL		7	75
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	1	5
BE-F33A	Bonanza	3	19
BE- F33C	Bonanza	1	22
BE-A36	Bonanza	7	44
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	1	12
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	2	22
BE-58TC	Baron	0	0
BE-58P	Baron	0	4
BE-76	Duchess	0	0
BE-860	Duke	0	0
BE-C99	Airliner	0	1
BE-C90-1	King Air	2	7
BE-F90-1	King Air	0	3
BE-B100	King Air	0	0
BE-200	Super King Air	0	20
BE-200C	Super King Air	0	1
BE-300	Super King Air	3	22
BE-200T	Super King Air	0	0
BE-1900C	Commuter	1	13
Beechjet 400	Diamond IA	2	13
TOTAL		23	209
Manufacturers net billing – $20,647,261.25			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	5	36
HS-748		0	1
BAe 146-100		2	11
BAe 146-200		0	4
HS-125-800	Model A	2	15
HS-125-800	Model B	1	3
TOTAL		10	70
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	1
BN-2T	Islander	1	6
Mark III	Trislander	0	0
TOTAL		1	7
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	1	11
TOTAL		1	11
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-A152	Aerobat	0	4
CE-172	Skyhawk	1	115
CE-172	Cutlass	0	0
CE-172RG	Cutlass	0	1
CE-182	Skylane	0	38
CE-182	Turbo Skylane	0	1
CE-182RG	Skylane RG	0	7
CE-182RG	Turbo Skylane RG	0	1
CE-185	Skywagon	0	0
CE-U206	Stationair 6	6	58
CE-TU206	Turbo Stationair 6	3	29
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-208	Caravan I	2	27
CE-210	Centurion	0	11
CE-T210	Turbo Centurion	4	40
CE-P210	Pressurized Centurion	1	8
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	0	2
CE-335		0	0
CE-340		0	8
CE-402		0	1
CE-404	Titan	0	0
CE-406	Caravan II	0	2
CE-414	Chancellor	0	4
CE-421	Golden Eagle	2	6
CE-425	Conquest I	2	10
CE-441	Conquest II	1	2
CE-500	Citation I	0	0
CE-550S/II	Citation II	1	21
CE-650	Citation III	5	15
REIMS AVIATION			
• Single-Engine			
CE-F152		2	2
CE-F152	Aerobat	5	24
CE-F172	Skyhawk	6	11
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	6
CE-F182RG	Skylane RG	0	0
TOTAL		41	448
Manufacturers net billing – $40,471,037			
AVIONS MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	1	1
AD-My.20	Falcon	0	1
AD-My.200	Falcon	0	3
AD-My.50	Falcon	1	9
AD-My.900	Falcon	0	1
TOTAL		2	15
DeHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		0	2
DHC-6	Twin Otter	0	2
DHC-7		0	1
DHC-8		3	24
TOTAL		3	29
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	0	11
EMB-710	Carioca	0	0
EMB-711	Corisco	0	4
EMB-712	Tupi	1	8
EMB-720	Minuano	1	17
EMB-721	Sertanejo	0	0
• Multi-Engine			
EMB-110	Bandeirante	5	5
EMB-120	Brasilia	1	10
EMB-121	Xingu	0	3
EMB-810D	Seneca II	3	24
EMB-820		0	0
EMB-821		2	2
TOTAL		13	84
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	1
Fairchild 30		0	0
Merlin IV-C		0	0
Metro III		0	23
TOTAL		0	24
GATES LEARJET			
• Multi-Engine			
LR-25D		0	0
LR-25G		0	0
LR-35A		1	10
LR-36A		0	0

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		Oct. 86	Cal. Year
LR-55		1	4
TOTAL		2	14
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	0	10
GR-1159C	Gulfstream IV	2	2
AE-840	Turbo Commander	0	0
AE-900	Commander 900	0	0
AE-980		0	0
AE-1000		0	2
TOTAL		2	14
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	1	5
	Astra	0	5
TOTAL		1	10
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	4
LA-250	Renegade	2	16
TOTAL		2	20
Manufacturers net billing — $488,430			
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	6
M-5-200		0	0
M-5-235C	Lunar Rocket	0	4
M-6-235		0	2
MX-7-180	Super Rocket	0	6
M-7-235	Super Rocket	0	0
MX-7-235		3	21
TOTAL		4	48
Manufacturers net billing — $206,021			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	5	27
M-20J	205	2	13
M-20K	252	9	73
M-20K	231	0	1
TOTAL		16	114

		Oct. 86	Cal. Year
PARTENAVIA S.P.A.			
• Multi-Engine			
P68C		0	9
P68C-TC		0	3
P68	Observer	1	4
P68	Observer TC	0	2
Spartacus		0	1
TOTAL		1	19
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	*	0**
PA-28-161	Warrior	*	65
PA-28-181	Archer II	*	34
PA-28-236	Dakota	*	6
PA-28RT-201	Arrow IV	*	6
PA-28RT-201T	Turbo Arrow IV	*	1
PA-32-301	Saratoga	*	10
PA-32R-301	Saratoga SP	*	1
PA-32R-301T	Turbo Saratoga SP	*	5
PA-46-310P	Malibu	*	67
• Multi-Engine			
PA-31-350	Chieftain	*	1
PA-31P-350	Mojave	*	0
PA-31-500	Cheyenne I	*	0
PA-31-500	Cheyenne IA	*	2
PA-42-720	Cheyenne III	*	1
PA-42-720	Cheyenne IIIA	*	3
PA-42-1000	Cheyenne 400LS	*	3
PA-34-220T	Seneca III	*	31
PA-44-180	Seminole	*	0
PA-44-180T	Turbo Seminole	*	0
PA-T1020		*	0
PA-T1040		*	0
TOTAL		*	236
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	1
SD-3-30		0	1
SD-3-60		4	16
TOTAL		4	18
	SINGLE-ENGINE	74	972
	MULTI-ENGINE	59	493
	GRAND TOTAL	133	1,465

** Piper figures include deliveries for January through September

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	October			Calendar Year to Date		
	1986	1985	1984	1986	1985	1984
Aerospatiale	7	18	*	75	*	*
Beech	23	11	36	209	234	349
British Aerospace	10	10	3	70	64	46
Britten-Norman	1	1	0	7	8	9
Canadair	1	1	*	11	6	16
Cessna	41	31	68	448	748	604
Dassault	2	2	4	15	16	23
De Havilland	3	0	1	29	31	20
Embraer	13	19	15	84	107	88
Fairchild	0	3	3	24	20	23
Gates	2	2	0	14	19	19
Gulfstream	2	4	3	14	47	41
Israel	1	*	3	10	11	7
Lake	2	1	*	20	19	23
Maule Air	4	8	8	48	73	46
Mooney	16	10	10	114	69	119
Partenavia	1	*	*	19	*	*
Piper	*	57	59	236**	458	522
Short	4	2	2	18	16	27
TOTAL	133	180	215	1,465	1,946	2,182

* Figures not available.

** Piper figures include deliveries for January through September.

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AIRPORT & AIRWAY TRUST FUND
Status As Of Aug. 31, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 8,529,480,550.66	$ 7,425,506,743.43
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	5,654,000.00	62,366,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	218,000.00	2,475,000.00
2. Non-commercial 9 cents tax	2,423,000.00	32,458,000.00
3. Non-commercial 3 cents tax	808,000.00	10,556,000.00
4. Transp by air,seats,berths,etc.	215,950,000.00	2,216,969,000.00
Use of international trav fac	10,225,000.00	82,687,000.00
Transp of property and cargo	12,472,000.00	125,064,000.00
Total Tax Receipts	247,750,000.00	2,532,575,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	232.00	1,246.00
2. Any liquid fuel except gas	46,540.00	6,893,536.00
3. Gasoline -Retailer's tax	1,792.00	584,582.00
4. Gasoline -Manufac. tax	0.00	44,987.00
Total Reimburse For Tax Refunds	48,564.00	7,524,351.00
Net Tax Receipts	247,701,436.00	2,525,050,649.00
C. Interest on Investments	475,444.28	828,757,763.65
Net Receipts	248,176,880.28	3,353,808,412.65
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	0.00	428,346,635.34
2. Grants-in-aid for airports	65,639,445.71	769,118,243.64
3. Facilities & equipment	60,631,000.33	665,541,594.41
4. Research engineering & development	20,684,838.29	264,607,251.08
B. NOAA weather services	0.00	20,998,350.00
C. Interest on Refund of Taxes	19.00	954.00
Total Expenditures	146,955,303.33	2,148,613,028.47
IV. BALANCE - END OF PERIOD	8,630,702,127.61	8,630,702,127.61

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	252.77	
Operations	0.00	
Grants-in-aid for Airports	11,832,883.12	
Facilities & Equipment	6,868,489.95	
Research Engineering & Development	87,135,487.11	
NOAA weather services	0.00	
		$ 105,837,112.95
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
9-3/8% maturing JUNE 30, 1987	$ 41,623,000.00	
9-1/2% maturing JUNE 30, 1987	59,514,000.00	
9-3/4% maturing JUNE 30, 1987	8,423,731,000.00	
		8,524,868,000.00
Total Assets		8,630,705,112.95
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 8,630,705,112.95
Total Liabilities and Equity		8,630,705,112.95

Treasury Department Chart

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DOT CONSIDERING AIRPORT DEFEDERALIZATION 'EXPERIMENT'

Department of Transportation is considering asking Congress for authority to conduct an "experimental" airport defederalization program that would include airports of varying sizes and uses. Matthew Scocozza, assistant secretary for policy and international affairs at DOT, told BA last week that such a proposal is being considered for inclusion in DOT's legislative proposal for reauthorization of the Airport and Airway Trust Fund and related programs. The current legislation will expire at the end of fiscal 1987 (Sept. 30, 1986).

Scocozza acknowledged that drafting of the reauthorization proposal by DOT had fallen behind schedule, with the package now scheduled for submission to Capitol Hill in early February, shortly after the Reagan Administration submits its fiscal 1988 budget recommendations. No final decision on inclusion of the defederalization experiment has been made. If such a proposal is included, he indicated it could involve as many as 30 airports, divided equally among large, medium and small facilities.

Consideration by DOT of defederalizing even a limited number of airports could have important ramifications for a growing controversy about the ability of FAA to enforce grant agreements signed by airport sponsors when receiving federal airport development funds. Current law requires airports receiving such funds to continue operating as airports for at least 20 years after receipt of the most recent federal grant. Airport sponsors in Linden, N.J. and Columbus, Ohio are actively seeking or at least exploring ways to void those agreements so property containing the airport can be devoted to other uses (BA, Dec. 15/186; also see related story in this issue). Aviation interests are concerned that permitting airports to get out of existing grant agreement provisions will spur a rush of such requests and result in closing a significant number of airports across the country.

Scocozza indicated that other than the possibility of airport defederalization, the DOT reauthorization package will generally be similar to existing law. He said there will be an attempt to "streamline" procedures under the AIP program. Asked about funding for FAA programs, he said DOT will probably seek levels equal to or in excess of amounts authorized in existing legislation. He said one candidate for even higher funding is FAA's national airspace modernization program, which is rapidly moving into the hardware acquisition phase. Approval of increased funding in that area is still the subject of discussions with the White House Office of Management and Budget, he said.

CLOSING DEADLINE FOR SALE OF GLC SET FOR DEC. 27

Closing date for the sale of Gates Learjet Corp. to Cobey Corp. is scheduled for this week following the completion of a due diligence review no later than tomorrow (Dec. 23), according to the stock purchase agreement filed with the Securities and Exchange Commission. The agreement states that the closing will "in no event be later than 11:59 p.m. on Dec. 27." Agreement further states that if the closing has not taken place by that time, "obligations of the parties hereunder shall terminate."

Terms of the agreement for acquisition of Gates Corporation's 64.8 percent holdings in the GLC are the same as was offered previously by M.J. Rosenthal and Associates, $62.7 million, composed of $7 in cash and $1 in eight percent preferred stock for each Learjet share. The deal with Rosenthal was terminated at the beginning of the month (BA, Dec. 8/177).

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		Nov. 86	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	0	3
TB-10	Tobago	5	41
TB-20	Trinidad	4	31
TB-21	Trinidad TC	1	9
R110		0	1
R180		0	0
R235		0	0
TOTAL		10	85
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	0	5
BE-F33A	Bonanza	3	22
BE-F33C	Bonanza	2	24
BE-A36	Bonanza	7	51
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	2	14
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	2	24
BE-58TC	Baron	0	0
BE-58P	Baron	2	6
BE-76	Duchess	0	0
BE-B60	Duke	0	0
BE-C99	Airliner	0	1
BE-C90-1	King Air	4	11
BE-F90-1	King Air	1	4
BE-B100	King Air	0	0
BE-200	Super King Air	4	24
BE-200C	Super King Air	0	1
BE-300	Super King Air	0	22
BE-200T	Super King Air	0	0
BE-1900C	Commuter	2	15
Beechjet 400	Diamond IA	2	15
TOTAL		31	240
Manufacturers net billing — $30,509,727.72			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	*	36
HS-748		0	1
BAe 146-100		2	13
BAe 146-200		0	4
HS-125-800	Model A	1	16
HS-125-800	Model B	0	3
TOTAL		3	73
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	1
BN-2T	Islander	0	6
Mark III	Trislander	0	0
TOTAL		0	7
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	5	15
TOTAL		5	15
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-A152	Aerobat	0	4
CE-172	Skyhawk	0	115
CE-172	Cutlass	0	0
CE-172RG	Cutlass	0	1
CE-182	Skylane	0	38
CE-182	Turbo Skylane	0	1
CE-182RG	Skylane RG	1	8
CE-182RG	Turbo Skylane RG	0	1
CE-185	Skywagon	0	0
CE-U206	Stationair 6	2	60
CE-TU206	Turbo Stationair 6	2	31
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-208	Caravan I	9	36
CE-210	Centurion	0	11
CE-T210	Turbo Centurion	1	41
CE-P210	Pressurized Centurion	0	8
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	0	2
CE-335		0	0
CE-340		0	8
CE-402		0	1
CE-404	Titan	0	0
CE-406	Caravan II	0	2
CE-414	Chancellor	1	5
CE-421	Golden Eagle	1	7
CE-425	Conquest I	3	13
CE-441	Conquest II	1	3
CE-500	Citation I	0	0
CE-S550	Citation S/II	5	26
CE-650	Citation III	4	19
REIMS AVIATION			
• Single-Engine			
CE-F152		2	4
CE-F152	Aerobat	0	24
CE-F172	Skyhawk	2	13
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		34	482
Manufacturers net billing — $51,287,468			
AVIONS MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	1
AD-My.20	Falcon	0	1
AD-My.200	Falcon	0	3
AD-My.50	Falcon	2	3
AD-My.900	Falcon	2	11
TOTAL		4	19
DeHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		1	3
DHC-6	Twin Otter	2	4
DHC-7		0	1
DHC-8		3	27
TOTAL		6	35
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	5	16
EMB-710	Carioca	0	0
EMB-711	Corisco	0	4
EMB-712	Tupi	0	8
EMB-720	Minuano	0	17
EMB-721	Sertanejo	0	0
• Multi-Engine			
EMB-110	Bandeirante	1	6
EMB-120	Brasilia	1	11
EMB-121	Xingu	0	3
EMB-810D	Seneca II	0	24
EMB-820		2	2
EMB-821		1	3
		10	94
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	1
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		2	25
TOTAL		2	26
GATES LEARJET			
• Multi-Engine			
LR-25D		0	0
LR-25G		0	0
LR-35A		0	10
LR-36A		2	2

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		Nov. 86	Cal. Year
LR-65		1	5
TOTAL		3	17
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	3	13
GR-1159C	Gulfstream IV	1	3
AE-840	Turbo Commander	0	0
AE-900	Commander 900	0	0
AE-980		0	0
AE-1000		0	0
TOTAL		4	16
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	5
	Astra	1	6
TOTAL		1	11
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	4
LA-250	Renegade	3	19
TOTAL		3	23
MAULE AIR INC.			
• Single-Engine			
M-5-180C		0	6
M-5-200		0	0
M-5-235C	Lunar Rocket	0	4
M-6-235		0	2
MX-7-180	Super Rocket	2	8
M-7-235	Super Rocket	0	9
MX-7-235		0	21
TOTAL		2	50
Manufacturers net billing – $74,258			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	2	29
M-20J	205	3	16
M-20K	252	7	80
M-20K	231	0	1
TOTAL		12	126
PARTENAVIA S.P.A.			
• Multi-Engine			
P68C		0	9
P68C-TC		0	3
P68	Observer	0	4
P68	Observer TC	0	2
Spartacus		0	1
TOTAL		0	19
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	*	0**
PA-28-161	Warrior	*	65
PA-28-181	Archer II	*	34
PA-28-236	Dakota	*	6
PA-28RT-201	Arrow IV	*	6
PA-28RT-201T	Turbo Arrow IV	*	1
PA-32-301	Saratoga	*	10
PA-32R-301	Saratoga SP	*	1
PA-32R-301T	Turbo Saratoga SP	*	5
PA-46-310P	Malibu	*	67
• Multi-Engine			
PA-31-350	Chieftain	*	1
PA-31P-350	Mojave	*	0
PA-31-500	Cheyenne I	*	0
PA-31-500	Cheyenne IA	*	2
PA-42-720	Cheyenne III	*	1
PA-42-720	Cheyenne IIIA	*	3
PA-42-1000	Cheyenne 400LS	*	3
PA-34-220T	Seneca III	*	31
PA-44-180	Seminole	*	0
PA-44-180T	Turbo Seminole	*	0
PA-T1020		*	0
PA-T1040		*	0
TOTAL		*	236
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	1
SD-3-30		0	1
SD-3-60		4	20
TOTAL		4	22
	SINGLE-ENGINE	65	1,037
	MULTI-ENGINE	69	559
	GRAND TOTAL	134	1,596

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	November			Calendar Year to Date		
	1986	1985	1984	1986	1985	1984
Aerospatiale	10	14	*	85	80	*
Beech	31	20	27	240	254	376
British Aerospace	3	6	5	73	70	54
Britten-Norman	0	3	1	7	11	10
Canadair	5	0	*	15	6	16
Cessna	34	45	76	482	781	880
Dassault	4	2	*	19	18	23
De Havilland	6	3	11	35	34	31
Embraer	10	17	9	94	124	97
Fairchild	2	5	2	26	25	22
Gates	3	4	4	17	23	23
Gulfstream	4	5	3	16	52	44
Israel	1	0	1	11	8	12
Lake	3	1	2	23	20	25
Maule Air	2	8	6	50	81	52
Mooney	12	10	17	126	79	136
Partenavia	0	*	*	19	*	*
Piper	*	40	56	236	498	578
Short	4	1	1	22	17	28
TOTAL	134	184	224	1,596	2,181	2,407

* Figures not available.

** Piper figures include deliveries for January through September.

STATUS OF AIRPORT & AIRWAY TRUST FUND

SEPTEMBER 30, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 8,630,702,127.61	$ 7,425,506,743.43
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	515,000.00	62,881,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	225,000.00	2,700,000.00
2. Non-commercial 9 cents tax	2,143,000.00	34,601,000.00
3. Non-commercial 3 cents tax	798,000.00	11,354,000.00
4. Transp by air,seats,berths,etc.		
Use of international trav fac	184,797,000.00	2,401,766,000.00
Transp of property and cargo	10,469,000.00	93,156,000.00
	11,873,000.00	136,937,000.00
Total Tax Receipts	210,820,000.00	2,743,395,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	1,246.00
2. Any liquid fuel except gas	0.00	6,893,536.00
3. Gasoline -Retailer's tax	0.00	584,582.00
4. Gasoline -Manufac. tax	0.00	44,987.00
Total Reimburse For Tax Refunds	0.00	7,524,351.00
Net Tax Receipts	210,820,000.00	2,735,870,649.00
C. Interest on Investments	424,911.57	829,182,675.22
Net Receipts	211,244,911.57	3,565,053,324.22
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	6,480,000.00[1/]	434,826,635.34
2. Grants-in-aid for airports	84,291,152.80	853,409,396.44
3. Facilities & equipment	92,213,149.09	757,754,743.50
4. Research engineering & development		
B. NOAA weather services	27,965,873.69	292,573,124.77
C. Interest on Refund of Taxes	5,797,650.00	26,796,000.00
	0.00	954.00
Total Expenditures	216,747,825.58	2,365,360,854.05
IV. BALANCE - END OF PERIOD	8,625,199,213.60	8,625,199,213.60

STATEMENT OF FINANCIAL CONDITION

ASSETS :			
Undisbursed Balances:			
Airport & Airway Trust Fund		$	
Operations	-47,762,880.47		
Grants-in-aid for Airports	-4,635.34		
Facilities & Equipment	-5,224,269.68		
Research Engineering & Development	14,591,385.67		
NOAA weather services	67,400,613.42		
	0.00		
Investments :		$	29,000,213.60
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:			
9-1/4% maturing JUNE 30, 1987	$ 71,331,000.00		
9-3/8% maturing JUNE 30, 1987	41,623,000.00		
9-1/2% maturing JUNE 30, 1987	59,514,000.00		
9-3/4% maturing JUNE 30, 1987	8,423,731,000.00		
			8,596,199,000.00
Total Assets			8,625,199,213.60
LIABILITIES:			0.00
EQUITY:			
Excess of Assets over Liabilities		$	8,625,199,213.60
Total Liabilities and Equity			8,625,199,213.60

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Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

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PIPER ANNOUNCES MAJOR RETRENCHMENT PENDING MARKET UPTURN

Piper Aircraft Corp., which has been building a complete product line of 11 different aircraft ranging from single-engine to twin-turboprop models, announced plans last week to sharply scale back production to reduce inventories. Unless market conditions improve, Piper may be manufacturing only its popular single-engine Malibu by late this year.

In an announcement Thursday, Piper President Frank Manning said "demand for new airplanes is not expected to intensify for several years at the least. Until it does, Piper must continue to adapt to economic realities. There is no other choice." Manning noted that Piper currently has a backlog of orders for most of its models (BA, Nov. 17/153), but added that "we've got to face the future and what the market will look like once those orders are completed. What we'll be doing betwen now and the end of the fiscal year (June 30) is to establish sufficient factory and field inventories. That will be followed by a production system suspension of certain products."

Piper took similar action last February, suspending production of all aircraft except the Malibu and two Cheyenne turboprop models (Feb. 10/42) for four months to reduce inventories. "That strategy worked well for us," Manning said last week. "Later this year we will suspend production of PA-28 (all four-place models), PA-32 (the Saratogas), PA-34 (the Seneca) and PA-42 (the company's top-of-the-line Cheyenne IIIA and Cheyenne 400 LS) models," he said. The Malibu, aircraft kits and spare parts will not be affected by the cutback and will continue to be produced, the company said.

"We're going to take the proper steps to insure the continued viability of Piper Aircraft Corp. as it enters its 50th year," Manning said. A spokesman said production of some of the affected models is likely to continue for several months past June 30 because of order backlogs. Piper said the jobs of 75 employes were terminated Friday, which will reduce total employment to about 1,125. Further reductions of as many as several hundred employes are anticipated over the next few months.

NTSB REPORTS CONTINUED IMPROVEMENT IN GA SAFETY RECORD

National Transportation Safety Board said 1986 was the safest year on record for general aviation, despite two midair collisions involving general aviation aircraft that claimed over 100 lives. The preliminary 1986 figures include 2,568 general aviation accidents. There were 466 fatal accidents that resulted in 958 fatalities. Those 958 fatalities, one more than in 1985, include all 82 persons killed in the Aug. 31 collision between a light aircraft and an Aeromexico DC-9 over Cerritos, Calif. and the 25 persons killed when a helicopter and a Twin Otter on Part 91 sightseeing flights collided over the Grand Canyon in June. The board said "the 1.53 fatal accident rate per 100,000 aircraft hours, the 2,568 accidents and the 466 fatal accidents are all record lows. The overall accident rate of 8.46 (per 100,000 aircraft hours), down six percent from 1985, is also a record."

On-demand air taxi operators also improved their safety record last year, reversing an upswing in numbers of accidents, fatalities and accident rates in 1985. Number of accidents fell from 152 in 1985 to 118 last year. Number of fatal accidents declined from 35 to 31 and number of fatalities fell more than 15 percent to 64. Air taxi operators had a total accident rate of 4.27 per 100,000 aircraft hours last year and a fatal accident rate of 1.12. (A breakdown of accident figures covering the past 11 years for general aviation and on-demand air taxis is shown in charts on the backs of Pages 18-19).

NOW ONLINE WORLDWIDE

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ACCIDENTS, FATALITIES, AND RATES
U.S. GENERAL AVIATION *
1976 - 1986

	Accidents		Fatalities			Accident Rates@ Per 100,000 Aircraft Hours	
Year	Total	Fatal	Total	Aboard	Aircraft Hours Flown#	Total	Fatal
1976	4018	658	1216	1203	30,476,000	13.17	2.16
1977	4079	661	1276	1265	31,578,000	12.91	2.09
1978	4216	719	1556	1398	34,887,000	12.08	2.06
1979	3818	631	1221	1203	38,641,000	9.88	1.63
1980	3590	618	1219	1230	36,402,000	9.86	1.69
1981	3500	654	1282	1261	36,803,000	9.51	1.78
1982	3233	591	1187	1171	32,095,000	10.06	1.84
1983	3075	555	1064	1057	31,048,000	9.90	1.79
1984	3010	543	1039	1018	31,510,000	9.54	1.72
1985P	2745	500	957		30,589,905	8.97	1.63
1986P	2568	466	958		30,361,000	8.46	1.53

P Preliminary data.

Source of estimate: FAA.

* All operations other than those conducted under 14 CFR 121 or 14 CFR 135.

@ Suicide and sabotage accidents excluded from rates as follows:
Total - 1976 (4), 1977 (1), 1978 (2), 1980 (1), 1982 (3), 1983 (1), 1984 (3)
Fatal - 1976 (1), 1977 (1), 1978 (2), 1980 (1), 1984 (2)

GA SHIPMENTS DOWN IN 1986 TO LESS THAN 1,500 UNITS -- Billings for new U.S.-built general aviation aircraft were down 11.8 percent to $1.26 billion in 1986, according to the General Aviation Manufacturers Association. GAMA President Ed Stimpson said the year end results were "better than many had originally anticipated in today's marketplace and product liability environment." GAMA members delivered 1,495 units (see chart on back of Page 23). Exports were up 24 percent to 439 aircraft valued at $330.4 million, a 43.7 percent increase over the $229.9 million worth of exports in 1985. Industry delivered 122 business jets, 250 turboprops, 138 piston twins and 985 single engine aircraft.

Stimpson said despite the fact that "companies acquire aircraft for transportation and not tax purposes," the investment tax credit transition rule enacted in late 1986 was successful in that it "spurred sales and cleaned out inventories." He said product liability "remains the largest single cost element in light aircraft today." James Churchill, president of Collins Avionics Group of Rockwell International and GAMA chairman, said the unit shipment number "misrepresents the financial health of the industry by understating major product areas in turbine aircraft and by missing entirely our aftermarket, parts, spares, component and military lines of business." Churchill also predicted there would be an increasing demand for new aircraft in the future, because of the "significant aging" of the general aviation fleet.

AAR OKLAHOMA ACQUIRES INTERESTS OF CATLIN AVIATION -- AAR Oklahoma, a subsidiary of AAR Corp., has purchased all leasehold interest and improvements in a 63,000-square-foot hangar from Catlin Aviation, based at Will Rogers World Airport in Oklahoma City. Facility, which will undergo refurbishment while offering selected service capabilities, will be fully operational Feb. 15 and will be used for modifications, interior refurbishments and maintenance of regional airline fleets and selected business aircraft. Customers under contract include British Aerospace, Short Brothers and several regional carriers. Ira Eichner, chairman of the board and chief executive officer said "the new facilities will permit us to increase the range of aircraft for which we perform our various services." AAR Oklahoma provides service and support to business aviation and selected airline service to major, national and regional airlines.

AIR FORCE PLANS RFP FOR STOL TRANSPORTS THIS SUMMER -- The Air Force plans to issue a request for proposals this summer and choose a contractor in the fall to supply 10 off-the-shelf STOL utility transports. The aircraft, to be designated the C-27, is a new program in the AF's fiscal 1988-89 budget. The service proposes $65.9 million to buy five aircraft in fiscal '88 and $65.1 million for five more in fiscal '89. AF officials said prospective user commands have identified requirements for eight more aircraft, not budgeted, and the C-27 contract will include options for additional production.

Officials said the AF sees the C-27 as a twin engine turboprop aircraft but is taking pains not to exclude candidates. The statement of need, drawn up during the past year by Military Airlift Command, is being validated. The AF plans to issue a request for information to industry this spring on what aircraft are available, in order to draw up its RFP in a way that promotes what one officer termed "the right amount of competition." Subject to refinement as the RFP is written, the Air Force wants an aircraft that can carry about 10,000 pounds of cargo distances of about 300 nautical miles operating into and out of unpaved runways or dirt strips less than 2,000 feet long. Avionics are to be off-the-shelf as much as possible. The AF wants a loading ramp and hasn't decided yet on an airdrop capability. The service will ask for deliveries as soon as possible and treat the delivery schedule as an evaluation factor. The de Havilland DHC-5D, the Aeritalia G-222 and the CASA/PT Nurtanio CN-235 are said to be candidates. The objective is a small airlift fleet that can move company-sized units and their equipment within a military theater.

LORAL CORP. AGREES TO ACQUIRE GOODYEAR AEROSPACE CORP. -- Loral Corp., a major manufacturer of electronic systems for the defense and aerospace markets, has signed a definitive agreement to acquire Goodyear Aerospace Corp. Loral plans to buy the subsidiary of Goodyear Tire & Rubber Company for $640 million in cash. Loral Chairman Bernard Schwartz said he believes the two companies are complementary in a number of areas, including reconnaissance and radar systems and anti-submarine warfare systems. Goodyear Aerospace Corp. is a major supplier of wheels, brakes, tires and de-icing systems for the aviation industry, in addition to its electronics operations.

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ACCIDENTS, FATALITIES, AND RATES
U.S. AIR CARRIERS OPERATING UNDER 14 CFR 135
NONSCHEDULED OPERATIONS
(ON-DEMAND AIR TAXIS)
1976 - 1986

	Accidents		Fatalities			Accident Rates Per 100,000 Aircraft Hours	
Year	Total	Fatal	Total	Aboard	Aircraft Hours Flown#	Total	Fatal
1976	137	31	100	97	2,703,203	5.07	1.15
1977	158	31	118	115	3,304,220	4.78	0.94
1978	198	54	155	152	3,545,753	5.58	1.52
1979	160	30	77	73	3,684,321	4.34	0.81
1980	171	46	105	101	3,617,724	4.73	1.27
1981	157	40	94	92	2,895,827	5.42	1.38
1982	132	31	72	72	3,256,763	4.05	0.95
1983	140	27	62	57	2,574,883	5.44	1.05
1984	146	23	52	52	3,079,007	4.74	0.75
1985P	152	35	76		2,782,696	5.46	1.26
1986P	118	31	64		2,763,000	4.27	1.12

P Preliminary data.

Source of estimate: FAA.

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – DECEMBER UNIT SHIPMENTS

		Dec. 86	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	2	5
TB-10	Tobago	7	48
TB-20	Trinidad	7	38
TB-21	Trinidad TC	5	14
R110		0	0
R180		0	0
R235		0	0
TOTAL		21	105
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-77	Skipper	0	0
BE-C23	Sundowner	0	1
BE-C24R	Sierra	0	5
BE-F33A	Bonanza	6	28
BE-F33C	Bonanza	0	24
BE-A36	Bonanza	6	57
BE-V35B	Bonanza	0	0
BE-B36TC	Bonanza	2	16
• Multi-Engine			
BE-B55	Baron	0	0
BE-E55	Baron	0	0
BE-58	Baron	12	36
BE-58TC	Baron	0	0
BE-58P	Baron	5	11
BE-76	Duchess	0	1
BE-B60	Duke	0	0
BE-C99	Airliner	11	12
BE-C90-1	King Air	6	17
BE-F90-1	King Air	1	5
BE-B100	King Air	0	0
BE-200	Super King Air	5	29
BE-200C	Super King Air	0	1
BE-300	Super King Air	5	27
BE-1900C	Commuter	2	17
Beechjet 400		3	11
Diamond IA		0	6
TOTAL		64	304
Manufacturers net billing – $66,061,471,01			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	5	45
HS-748		0	1
BAe 146-100		3	16
BAe 146-200		0	4
HS-125-800	Model A	4	20
HS-125-800	Model B	2	5
TOTAL		14	91
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	1
BN-2T	Islander	1	7
Mark III	Trislander	0	0
TOTAL		1	8
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	2	17
TOTAL		2	17
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-A152	Aerobat	0	0
CE-172	Skyhawk	0	115
CE-172	Cutlass	0	0
CE-172RG	Cutlass	0	1
CE-182	Skylane	0	38
CE-182	Turbo Skylane	1	2
CE-182RG	Skylane RG	1	8
CE-182RG	Turbo Skylane RG	0	1
CE-185	Skywagon	0	0
CE-U206	Stationair 6	0	60
CE-TU206	Turbo Stationair 6	3	34
CE-207	Stationair 8	0	0
CE-TU207	Turbo Stationair 8	0	0
CE-208	Caravan I	18	54
CE-210	Centurion	1	12
CE-T210	Turbo Centurion	0	41
CE-P210	Pressurized Centurion	0	8
CE-188	AgHusky	0	0
CE-188	AgTruck	0	0
• Multi-Engine			
CE-303	Crusader	0	2
CE-335		0	0
CE-340		0	6
CE-402		4	5
CE-404	Titan	0	0
CE-406	Caravan II	0	2
CE-414	Chancellor	8	13
CE-421	Golden Eagle	2	9
CE-425	Conquest I	3	16
CE-441	Conquest II	6	9
CE-500	Citation I	0	0
CE-550S/II	Citation II	14	40
CE-650	Citation III	2	21
REIMS AVIATION			
• Single-Engine			
CE-F152		1	6
CE-F152	Aerobat	0	27
CE-F172	Skyhawk	1	14
CE-FR172	Hawk XP	0	0
CE-F182	Skylane	0	0
CE-F182RG	Skylane RG	0	0
TOTAL		65	546
Manufacturers net billing – $86,926,874			
AVIONS MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	2	3
AD-My.20	Falcon	0	1
AD-My.200	Falcon	0	4
AD-My.50	Falcon	1	14
AD-My.900	Falcon	0	3
TOTAL		3	25
DeHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5		2	5
DHC-6	Twin Otter	0	4
DHC-7		0	1
DHC-8		9	36
TOTAL		11	46
EMBRAER			
• Single-Engine			
EMB-210	Ipanema	3	19
EMB-710	Carioca	0	0
EMB-711	Corisco	0	4
EMB-712	Tupi	0	8
EMB-720	Minuano	2	19
EMB-721	Sertanejo	0	0
• Multi-Engine			
EMB-110	Bandeirante	0	6
EMB-120	Brasilia	4	15
EMB-121	Xingu	0	3
EMB-810D	Seneca II	7	31
EMB-820		0	2
EMB-821		0	3
TOTAL		16	110
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	1
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		11	36
TOTAL		11	37
GATES LEARJET			
• Multi-Engine			
LR-25D		0	0
LR-25G		0	0
LR-35A		1	11
LR-36A		0	2

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9/a

		Dec. 86	Cal. Year
LR-55		2	7
TOTAL		3	20
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	1	14
GR-1159C	Gulfstream IV	5	8
AE-840	Turbo Commander	0	0
AE-900	Commander 900	0	0
AE-980		0	0
AE-1000		0	2
TOTAL		6	24
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	2	2
1124A	Westwind 2	2	7
	Astra	1	7
TOTAL		5	16
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	4
LA-250	Renegade	3	22
TOTAL		3	26
Manufacturers net billing — $691,302			
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	7
M-5-200		0	0
M-5-235C	Lunar Rocket	1	5
M-6-235		3	5
MX-7-180	Super Rocket	4	12
M-7-235	Super Rocket	2	11
MX-7-235		4	25
TOTAL		15	65
Manufacturers net billing — $740,844			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	4	33
M-20J	205	3	19
M-20K	252	9	89
M-20K	231	0	1
TOTAL		16	142
PARTENAVIA S.P.A.			
• Multi-Engine			
P68C		*	9
P68C-TC		*	3
P68	Observer	*	4
P68	Observer TC	*	2
Spartacus		*	1
TOTAL		*	19
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-38-112	Tomahawk	*	0
PA-28-161	Warrior	*	71
PA-28-181	Archer II	*	50
PA-28-236	Dakota	*	9
PA-28RT-201	Arrow IV	*	6
PA-28RT-201T	Turbo Arrow IV	*	1
PA-32-301	Saratoga	*	12
PA-32R-301	Saratoga SP	*	4
PA-32R-301T	Turbo Saratoga SP	*	5
PA-46-310P	Malibu	*	95
• Multi-Engine			
PA-31-350	Chieftain	*	1
PA-31P-350	Mojave	*	0
PA-31-500	Cheyenne I	*	0
PA-31-600	Cheyenne IA	*	4
PA-42-720	Cheyenne III	*	1
PA-42-720	Cheyenne IIIA	*	9
PA-42-1000	Cheyenne 400LS	*	6
PA-34-220T	Seneca III	*	49
PA-44-180	Seminole	*	2
PA-44-180T	Turbo Seminole	*	0
PA-T1020		*	0
PA-T1040		*	1
TOTAL		*	326
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	1
SD-3-30		0	1
SD-3-60		4	24
TOTAL		4	26
	SINGLE-ENGINE	100	1,193
	MULTI-ENGINE	160	760
	GRAND TOTAL	260	1,953

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	December			Calendar Year to Date		
	1986	1985	1984	1986	1985	1984
Aerospatiale	21	32	*	105	80	*
Beech	64	34	35	304	288	401
British Aerospace	14	15	6	91	85	60
Britten-Norman	1	6	3	8	17	13
Canadair	2	3	3	17	9	21
Cessna	65	77	98	546	859	978
Dassault	3	5	2	25	23	25
De Havilland	11	7	2	46	41	33
Embraer	16	17	12	110	141	109
Fairchild	11	10	7	37	35	29
Gates	3	10	10	20	33	33
Gulfstream	6	1	6	24	53	50
Israel	5	8	4	10	14	16
Lake	3	3	4	26	23	29
Maule Air	15	8	12	65	88	64
Mooney	16	10	15	142	89	151
Partenavia	*	*	*	19	*	*
Piper	*	40	56	326	498	578
Short	4	4	7	26	21	35
TOTAL	260	290	282	1,953	2,397	2,625

* Figures not available.

GENERAL AVIATION SHIPMENTS BY TYPE

	Units	Billings	% Change (Units)
Jets	122	$709 Million	-15.9%
Turboprops	250	$430 Million	-22.1%
Twins	138	$ 43 Million	-28.5%
Singles	985	$ 80 Million	-28.1%
	1495	$1.26 Billion	
	(-26.3%)	(-11.8%)	

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CONSULTANT'S STUDY SUGGESTS DOZENS OF NEW AVIATION USER FEES

A consulting firm hired by FAA's Office of Aviation Policy and Plans has prepared a report suggesting implementation of dozens of new aviation user fees as a way to recoup the entire cost of operating the agency's Office of Aviation Standards, a total cost of approximately $258 million in fiscal 1985 according to the study. The study, done by Gellman Research Associates, Inc., said the annual "regulatory costs per aircraft" incurred by Aviation Standards ranges from $221 for a general aviation piston-powered model to $44,846 for a commuter aircraft. Suggested fees range from $30 for certificating a student pilot and $240 for private pilot certification, up to $6,110 to certificate a Part 135 operator of small aircraft. Fee suggested for certification of a Part 121 operator was $80,830 (see charts on the back of Pages 50-52).

FAA refused last month to make a copy of the study available, saying that it was incomplete and contained some factual errors. After obtaining a copy of the report from other sources, BA was told last week by an FAA spokesman that the agency has "no intention of doing it (implementing a new schedule of user fees) now or in the foreseeable future." The spokesman noted that airport and airway reauthorization legislation submitted by the Transportation Department to Congress last week does not recommend any new user fees (see following story).

Much of the material in the Gellman study is predicated on the controversial Cost Allocation Study of the early 1970s that concluded "some user groups do not pay taxes equivalent to the FAA costs allocated to them." These groups would face "increased costs under a fee system," the Gellman study states, adding that "for fees linked to certificate retention, there may be a significant reduction in aviation activity by some user groups." The report also said "if some users chose to operate illegally without certificates, adverse safety consequences could result," but noted that estimating possible reductions in aviation activity or safety "were beyond the scope of this study."

DOT REAUTHORIZATION PACKAGE WOULD PERMIT HEAD TAXES, USER FEES

Proposed legislation sent to Congress by the Transportation Department last week would permit individual airports to institute passenger facility charges (head taxes) and would open the door for a whole range of user charges for recipients of FAA services (BA, Jan. 12/9). The DOT bill, the "Airport and Airway Enhancement Act of 1987," proposes only a two-year reauthorization of the current airport and airway development programs administered by FAA and funded with revenues from the Aviation Trust Fund. Current legislation, enacted in 1982, expires Sept. 30, 1987. Both industry and Congressional officials believe a minimum five-year reauthorization is required to permit airports to develop realistic plans and construction schedules (BA, Feb. 9/42).

DOT proposed $1.017 billion in airport development grants in both fiscal 1988 and 1989, while spending for facilities and equipment was put at $1.35 billion in fiscal 1988 and $1.5 billion the following year. In addition, DOT is seeking an additional $200 million from the Trust Fund "for accommodation of cost growth associated with the National Airspace System Plan for 1987 and all subsequently determined requirements associated with projects indentified in such plan." Research, engineering and development activities would get $150 million each year from the Trust Fund.

(Continued on the following page)

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – JANUARY UNIT SHIPMENTS

		Jan. 87	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	0	0
TB-10	Tobago	1	1
TB-21	Trinidad TC	5	5
R110		0	0
R180		0	0
R235		0	0
TOTAL		6	6
BEECH AIRCRAFT CORP.			
Single-Engine			
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	5	5
BE-F33C	Bonanza	0	0
BE-A36	Bonanza	1	1
BE-36TC	Bonanza	1	1
• Multi-Engine			
BE-58	Baron	0	0
BE-58P	Baron	0	0
BE-76	Duchess	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	1	1
BE-F90-1	King Air	0	0
BE-200	Super King Air	2	2
BE-200C	Super King Air	0	0
BE-300	Super King Air	2	2
BE-200T	Super King Air	0	0
BE-1900C	Commuter	0	0
Beechjet 400		0	0
Diamond IA		0	0
TOTAL		12	12
Manufacturers net billing – $11,208,653.50			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	2	2
HS-748		0	0
BAe 146-100		1	1
BAe 146-200		0	0
HS-125	Model A	1	1
HS-125	Model B	0	0
TOTAL		4	4
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	6	6
Mark III	Trislander	0	0
TOTAL		6	6
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	0	0
TOTAL		0	0
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-172	Skyhawk	0	0
CE-172RG	Cutlass	0	0
CE-182	Skylane	0	0
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	0
CE-182RG	Turbo Skylane RG	0	0
CE-U206	Stationair 6	1	1
CE-TU206	Turbo Stationair 6	0	0
CE-208	Caravan I	3	3
CE-210	Centurion	0	0
CE-T210	Turbo Centurion	0	0
CE-P210	Pressurized Centurion	0	0
• Multi-Engine			
CE-303	Crusader	0	0
CE-402		0	0
CE-406	Caravan II	0	0
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-425	Conquest I	0	0
CE-441	Conquest II	2	2
CE-550	Citation II	0	0
CE-S550	Citation S/II	0	0
CE-650	Citation III	1	1
REIMS AVIATION			
• Single-Engine			
CE-F152		0	0
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
TOTAL		7	7
Manufacturers net billing – $12,045,220			
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	1	1
AD-My.50	Falcon	0	0
AD-My.900	Falcon	2	2
TOTAL		3	3
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5	Buffalo	0	0
DHC-6	Twin Otter	0	0
DHC-7		0	0
DHC-8		0	0
TOTAL		0	0
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	4	4
EMB-711	Corisco	0	0
EMB-712	Tupi	0	0
EMB-720	Minuano	1	1
• Multi-Engine			
EMB-110	Bandeirante	0	0
EMB-120	Brasilia	2	2
EMB-121	Xingu	0	0
EMB-810D	Seneca II	0	0
EMB-820		0	0
EMB-821	Carajah	1	1
TOTAL		8	8
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		0	0
Expediter		0	0
TOTAL		0	0
GATES LEARJET			
• Multi-Engine			
LR-35A		0	0
LR-36A		0	0
LR-55		0	0
TOTAL		0	0
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	0	0
GR-1159C	Gulfstream IV	0	0
TOTAL		0	0
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	0
Astra		0	0
TOTAL		0	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	0
LA-250	Renegade	0	0
TOTAL		0	0
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	1
M-5-200		0	0

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		Jan. 87	Cal. Year
M-5-235C	Lunar Rocket	0	0
M-6-235		1	1
MX-7-180	Super Rocket	2	2
M-7-235	Super Rocket	4	4
MX-7-235		0	0
TOTAL		8	8
Manufacturers net billing – $401,942			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	2	2
M-20J	205	2	2
M-20K	231	0	0
M-20K	252	5	5
TOTAL		9	9
PARTENAVIA S.P.A.			
• Multi-Engine			
P68		0	0
P68C-TC		3	3
P68	Observer	0	0
P68	Observer TC	0	0
Spartacus		0	0
TOTAL		3	3
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-28-161	Warrior	•	•
PA-28-181	Archer II	•	•
PA-28-236	Dakota	•	•
PA-28RT-201T	Turbo Arrow IV	•	•
PA-32-301	Saratoga	•	•
PA-32R-301	Saratoga SP	•	•
PA-32R-301T	Turbo Saratoga SP	•	•
PA-46-310P	Malibu	•	•
• Multi-Engine			
PA-31-350	Chieftain	•	•
PA-31-500	Cheyenne IA	•	•
PA-42-720	Cheyenne III	•	•
PA-42-720	Cheyenne IIIA	•	•
PA-42-1000	Cheyenne 400LS	•	•
PA-44-180	Seminole	•	•
PA-44-180T	Turbo Seminole	•	•
PA-T1040		•	•
TOTAL		•	•
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		0	0
TOTAL		0	0
	SINGLE-ENGINE	39	39
	MULTI-ENGINE	24	24
	GRAND TOTAL	63	63

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	January			Calendar Year to Date		
	1987	1986	1985	1987	1986	1985
Aerospatiale	6	2	•	6	2	•
Beech	12	18	14	12	18	14
British Aerospace	4	2	2	4	2	2
Britten-Norman	6	0	0	6	0	0
Canadair	0	0	3	0	0	3
Cessna	7	21	67	7	21	67
Dassault	3	2	4	3	2	4
De Havilland	0	0	1	0	0	1
Embraer	8	6	14	8	6	14
Fairchild	0	1	0	0	1	0
Gates	0	0	0	0	0	0
Gulfstream	0	0	0	0	0	0
Israel	0	0	0	0	0	0
Lake	0	1	3	0	1	3
Maule Air	8	4	3	8	4	3
Mooney	9	7	8	9	7	8
Partenavia	3	0	•	3	0	•
Piper	•	17	40	•	17	40
Short	0	1	1	0	1	1
TOTAL	63	82	160	63	82	160

• Figures not available.

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SENATORS, DOLE VOICE STRONG SUPPORT FOR RANDOM DRUG/ALCOHOL TESTS

Separate pieces of legislation introduced by Sen. Ernest Hollings (D-S.C.) and Sen. John Danforth (R-Mo.) aimed at the implementation of random drug and alcohol testing of safety-related airline and railroad employes received strong support from Transportation Secretary Elizabeth Dole Friday at a hearing before the Senate Commerce Committee. Both bills, S.362 and S.356, call for random drug testing of aviation and railroad employes.

Hollings said "random testing is the only way to ensure that drug and alcohol will never be a factor in an airline or rail accident in the future." He said constitutional objections "do not sway me in the least...concerning the right of an employe to privacy and the passenger's right to safe travel, there is no question as to where our priorities should be." Dole said when balancing the constitutionality issue, "it would swing largely in favor of public safety." Dole said "testing on the basis of probable cause is not good enough" nor is testing during a pilot's six-month physical. "It would be far too easy for a pilot to prepare if that was the case."

Sen. John Rockefeller (D-W.Va.) said he "agrees with the general thrust" of the two bills, but has concerns, mainly concerning confidentiality and test accuracy. He said he did not want to see use of fly-by-night operations. Dole said DOT would utilize "only the highest proven labs" to conduct testing. Rockefeller also said he would "like to see a right of appeal for employes who test positive."

Danforth said the lack of random testing in transportation is "nothing short of a national scandal." He said it was time for the federal government "to strike hard and fast against substance abuse." Sen. Larry Pressler (R-S.D.) said the drug/alcohol abuse issue is "gaining momentum" and said "there is a golden moment now to get our teeth on the issue." Sen. James Exon (D-Neb.) said he "doesn't want to overlook anybody's constitutional rights, but more importantly, I don't want to risk people's lives."

SEN. KASSEBAUM BLASTS DOT PROPOSAL FOR USE OF AVIATION TRUST FUND

Sen. Nancy Kassebaum (R-Kan.) was sharply critical Friday of the Department of Transportation for its proposal to fund 85 percent of FAA activities with user taxes and for seeking only a two-year extension of airport and airway legislation. Kassebaum, ranking minority member of the Senate aviation subcommittee, told attendees at the FAA's annual Aviation Forecast Conference that DOT's proposal for only a two-year extension of current user taxes and spending procedures "is a mistake, primarily because such a short period makes airport planning extremely difficult." Kassebaum said "at a minimum...a three-year reauthorization is necessary and a five-year bill would be preferable."

She also took sharp issue with DOT's proposal to use Aviation Trust Fund revenues to cover 85 percent of FAA's operations and maintenance (O&M) costs. Kassebaum warned that enactment of the DOT plan will deplete the Trust Fund on O&M expenses while "capital improvements, the main purpose of the fund, will be short-changed." Kassebaum said she hears repeatedly "based on 'studies,' civilian users account for 85 percent of the FAA's resources. Frankly, I don't put much stock in these studies," Kassebaum said. "They are a way of trying to go in the back door to a totally user-paid system—an idea which has never been accepted on its own merits. The reason it should not be accepted is that the purpose of the national airway system--the national airport system and the Federal Aviation Adminis-

(Continued on the following page)

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CUSTOMS REAFFIRMS USE OF 'DISCOVER' CARDS FOR CUSTOMS FEES -- U.S. Customs Service has reaffirmed a previous decision to permit payment of Customs duties, taxes and other charges by means of approved credit cards. Currently only "Discover" credit cards, issued by the Sears Financial Network, can be used to pay Customs fees. Customs said Sears was the only credit card firm willing to forego assessing a vendor fee against Customs. While the Discover card is still the only approved credit card, the agency said it is amending its initial order to permit use of any credit cards that may be authorized in the future, noting that "it is anticipated that other credit card companies will reach an agreement with Customs to provide this service." Payments by credit card will be limited to non-commercial entries and will be subject to final collection from the credit card company. For more information, contact Charles Pollaci in the Accounting Programs Division at (202) 566-2494.

FAA ATTORNEY NAMED TO REPLACE ALAN STEPHEN AT RAA -- John Fredericksen, 38, an FAA attorney for the past six years, was selected by the Regional Airline Association's board of directors last week to replace Alan Stephen. Stephen, RAA's executive vice president, will become president of Scenic Airlines this spring (BA, Dec. 29/201). Fredericksen is currently FAA's senior trial lawyer, responsible for all litigation. He also is responsible for enforcement of the agency's slot programs at the four high density airports. He was a U.S. Navy pilot for six years.

SMALL COMMUNITY NOISE EXEMPTIONS WILL TERMINATE AT YEAREND -- Federal Aviation Administration is serving notice on all operators of early model, twin-turbojet transports that they will not be permitted to operate those aircraft in the U.S. after Jan. 1, 1988 unless the aircraft is able to meet Stage 2 or Stage 3 noise standards of FAR Part 36 (FAR Section 91.303).

A regulation issued in 1976 by FAA prohibited operation after Jan. 1, 1985 of aircraft unable to meet Stage 2 or Stage 3 noise standards. In the Aviation Safety and Noise Abatement Act of 1979, Congress directed FAA to issue exemptions from those requirements to operators of certain types of aircraft. Those exemptions, referred to as "service to small community exemptions," are due to expire Jan. 1, 1988. FAA announced in September of 1985 that it would not extend any of those exemptions beyond the Jan. 1, 1988 date and the agency recently reaffirmed that deadline.

FAA said the only small community exemptions still in effect are those issued to operators of civil, two-engine turbojet aircraft with a seating capacity of 100 seats of less, which includes 42 operators who have 282 affected aircraft. Of those, 13 operators with 63 aircraft were foreign, and 29 operators with 219 aircraft were U.S. Of the U.S. operators, 14 with 17 airplanes are corporations. Aircraft types for which exemptions have been issued are: DC-9-10/30; Boeing 727-200; BAC 1-11-200/400; and SE-210 (Caravelle) aircraft. FAA said equipment to modify the aircraft to bring them into compliance with federal noise regulations is available for all of those models except the Caravelle at prices ranging from $250,000 to $500,000 per aircraft. A list of the affected operators, along with the number and type of aircraft, are shown in a chart on the back of this page.

FOURTEEN AIRLINES JOIN AVIATION SATELLITE PROGRAM -- Aviation Satellite Corp. said 14 airlines from 10 countries have joined as founding members of its planned aviation satellite system. It said the carriers initially have committed more than 600 aircraft which will be equipped with avionics to permit communications via satellite. Avsat said that because of deadlines for sizing of the system to ensure availability of the satellite space segment, any additional commitments to reserve capacity in the 1989-1990 time frame must be received within 30 days.

SINGER DIVIDES KEARFOTT INTO TWO DIVISIONS -- Singer Company has reorganized its Kearfott Division into two separate units--the Kearfott Guidance and Navigation Division and Electronic Systems Division--because of continuing diversification of Kearfott's business base. Terry W. Heil, executive vice president of Singer's Defense Electronics Group, will serve as acting president of the Electronics Systems Division until a permanent appointment is made. Peter E. Venskus, Kearfott vice president-guidance and navigation, was named president of the Kearfott Guidance and Navigation Division. The company's guidance/navigation business includes inertial navigation systems for the B-1B bomber and NASA's Shuttle. Its electronic business includes command, control, communication and intelligence systems, computer systems and Doppler radar.

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SERVICE TO SMALL COMMUNITY EXEMPTIONS
(In effect on 2-6-87)

U.S. HOLDERS	NO. OF A/C	A/C TYPE
1. Airborne Express	14	DC-9-10
2. Continental Airlines	25	DC-9-10/30
3. Eastern Air Lines	58	DC-9-30
4. Emerald Airlines	6	DC-9-10
5. Evergreen Int'n	2	DC-9-30
6. First United Air	1	BAC-1-11
7. Florida Express	18	BAC-1-11
8. Jet Fleet Int'l	3	BAC-1-11
9. Midway Airlines	1	DC-9-10
10. Ozark Airlines	11	DC-9-10/30
11. Piedmont Airlines	3	B-737-200
12. Republic/Northwest	33	DC-9-10
13. Sunworld Int'l Airlines	4	DC-9-10
14. U.S. Air	11	BAC-1-11
15. Western Airlines	12	B-737-200
16. ABCO Aviation	1	BAC-1-11
17. Amer. Continental	1	BAC-1-11
18. Amway Corp.	2	BAC-1-11
19. BAC-1-11 Corp.	1	BAC-1-11
20. Concord Promotions	1	BAC-1-11
21. Eli Lilly & Co.	1	BAC-1-11
22. Golden Nugget Hotel	1	DC-9-10
23. Helmsley-Spear Inc.	1	BAC-1-11
24. IMCO Services	1	BAC-1-11
25. Lone Star Industries	1	BAC-1-11
26. Montex Drilling Co.	1	BAC-1-11
27. NPC Leasing Corp.	1	BAC-1-11
28. River City Investments	1	BAC-1-11
29. Tenneco, Inc.	3	BAC-1-11
TOTAL U.S.	219	

FOREIGN HOLDERS		
1. AeroMexico	10	DC-9-10
2. Aerotours Dominica	1	SE-210
3. Ahmed Abdul Azziz	1	BAC-1-11
4. Air Canada	35	DC-9-30
5. Al-Anwae Trading	1	BAC-1-11
6. Aviation Mgmt Consort.	4	BAC-1-11
7. Ford Motor Co. Ltd.	3	BAC-1-11
8. H.M. Holdings, Inc.	1	BAC-1-11
9. Handlingair, Ltd.	1	DC-9-10
10. LAC	2	SE-210
11. Mohamed Abdallah Baroom	1	BAC-1-11
12. Saudi-Oger, Ltd.	1	BAC-1-11
13. TACA Int'l Airlines	2	BAC-1-11
TOTAL FOREIGN	63	
TOTAL AIRCRAFT	282	

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REAUTHORIZATION PROPOSAL SHARPLY CRITICIZED AT SUBCOMMITTEE HEARING

Transportation Department proposal for reauthorization of the Airport and Airway Trust Fund was defended last week by James Burnley, deputy secretary of transportation, and lambasted as containing "inexcusable shortfalls," by members of the House aviation subcommittee and members of aviation interest groups.

At hearings to debate renewal of the Trust Fund, subcommittee Chairman Norman Mineta (D-Calif.) said failure to develop airports and provide other improvements would result in "the aviation system becoming a victim of its success." He said record traffic counts since deregulation "have been straining a system which was already weakened by the mass dismissal of controllers in the 1981 strike." He said the DOT's proposal to grant airlines antitrust immunity to allow joint discussions aimed at adjusting schedules to reduce delays (BA, Feb. 2/35) is "a cure that is worse than the disease" and said such an action "would prevent competition" and move backwards toward re-regulation.

Burnley said the scheduling talks were not intended "maliciously" and denied Mineta's charge there would be any "jawboning" to push scheduling down in certain hours. "We aren't going to use the proverbial baseball bat to get the airlines to do this," Burnley said. FAA Administrator Donald Engen said in defense of the scheduling talks, "the delay question is very complex...if we can limit takeoffs at certain times, the delays will be greatly alleviated. We want to provide a free flow of competition, but we don't want to overload the system."

Reauthorization Period, Airport Defederalization Raise Concerns

Burnley and Engen defended the proposal of a two-year reauthorization period, in light of the "rapid change aviation is experiencing." Burnley said particularly in light of the "final Byrd Commission report, due in approximately 18 months, a two-year period will provide an earlier opportunity to reassess and alter course as necessary." Most aviation grups expressed opposition to the two-year reauthorization, suggesting a longer period is preferable. Donald Reilly, executive director of the Airport Operators Council International, said "a five-year plan is needed for long range planning, and anything short of that would not serve the best interest of the airports."

Burnley said DOT's decision to allow airports to withdraw from eligibility for federal airport grants came from its determination that "any airport that believes it can go it alone, should be allowed to do so." John Baker, president of the Aircraft Owners and Pilots Association, said to defederalize airports under this proposal "would be a mistake. It would make it extremely difficult to ensure fair and equitable access to the nation's airports." He called the levy of user fees for aviation services "a presumptuous and totally abhorrent proposal." He said it was an "absurd proposal that clearly constitutes double taxation and a redundant user service charge."

Proposals to remove the Trust Fund from the unified budget, and to move FAA out from under DOT's jurisdiction were rejected by Engen who said "the FAA's duties are a federal function" and should therefore be subject to some sort of federal authority. Burnley said there is a "notion the federal corporation as proposed by Bolger (William Bolger, president of the Air Transport Association) is a magic solution, and it is not." Alan Stephen, executive vice president for the Regional Airline

(Continued on the following page)

NOW ONLINE WORLDWIDE

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AVIATION TRUST FUND BALANCE APPROACHING $9 BILLION -- As the House aviation subcommittee began hearings last week on reauthorization of key aviation legislation, including the continuation of FAA programs funded by user taxes, the Treasury Department was reporting that the balance in the Airport and Airway Trust Fund is rapidly nearing the $9 billion mark. Through Nov. 30, the most recent figures available, Treasury said the Trust Fund balance was $8.7 billion. In the first two months of fiscal 1987 Treasury had collected $514.4 million in user taxes, while expenditures totaled $346.8 million (see chart on the back of this page).

REGIONAL AIRLINE PASSENGERS INCREASE EIGHT PERCENT IN 1986, RPMs FLAT -- Regional airlines boarded 28.4 million passengers last year, an eight percent increase over 1985's total of just under 26 million, according to annual statistics compiled by the Regional Airline Association. Revenue passenger miles increased only marginally from 4.42 million to 4.47 million, however, which is reflected in a decrease in average length of haul from 173 to 158 miles. RAA Executive Vice President Alan Stephen attributes the reduction in trip length to code-sharing since route segments are generally shorter in a hub-and-spoke network than in a linear route system.

Although the number of regional carriers remained the same at 179—a number of recent new entrants offset attrition during the year—45 of the top 50 carriers in terms of passengers carried were involved in code-sharing arrangements with larger airlines, Stephen said, adding that the first non-code-sharing regional carrier was ranked 34th on the list. The top-50 carriers accounted for 91 percent of the industry's RPMs, compared to 88 percent in 1985. Regional airline fleet totaled 1,806 aircraft, versus 1,745 in 1985, an increase of 3.5 percent. Those aircraft logged more than 2.9 million flight hours for an average of 1,622 hours per aircraft, down two percent from a year ago—another impact of code-sharing, Stephen said.

AVEMCO ELEVATES FIVE TO VICE PRESIDENT -- Avemco Corp. board of directors has named five employes to vice president positions, according to William Condon, chairman. John St. Peter, with Avemco for seven years, has been named senior vice president of marketing. Alan Saver has been named vice president-sales. He joined Avemco in 1966, and most recently served as assistant vice president-marketing/national sales. George Stransky has been appointed vice president-advertising. He has been with the company since 1981. Appointed assistant vice president of sales were John Sweeney and Michael Chaput. Sweeney has been with Avemco since 1974 when it acquired his company, Airway Underwriters, Inc. Chaput joined Avemco in 1982 as a sales/underwriter in the western region office.

KAISER ALUMINUM PATENTS ALUMINUM-LITHIUM CLADDING PROCESS -- Kaiser Aluminum & Chemical Corp. said it has received a patent on a method of cladding aluminum-lithium alloys, being developed primarily for aerospace and defense applications, that will "significantly improve" fabrication processes, corrosion resistance and service performance of these alloys. The company, which is casting the alloys at its Center for Technology, Pleasanton, Calif., said its cladding method "is expected to solve many of the problems associated with aluminum-lithium alloy fabrication." Kaiser said its process involves cladding an aluminum-lithium alloy between high-purity aluminum liner materials such as 1XXX series aluminum alloys. The liner and core are roll bonded and the composite is then heated to achieve a metallurgical bond. The company said the composite can be finished like other aluminum alloy products without increased danger of corrosion or discoloration associated with aluminum-lithium alloys. It said that by using this technique, it has been able to produce clad alloys containing two to three percent lithium.

AOPA NAMES HORNE VICE PRESIDENT, PUBLICATIONS -- Aircraft Owners and Pilots Association has promoted Thomas Horne to vice president of publications. He has also been named editor of the association's monthly magazine, **AOPA Pilot**. Both positions were previously held by Edward Tripp, who resigned late in November (BA, Dec. 1/173). Horne has been with AOPA for the past seven years as an associate editor of the magazine. AOPA also named Carol Palmore vice president of marketing. She joined AOPA in 1978 as executive assistant to the president and most recently was marketing coordinator. Edmund Pinto, senior vice president for communications, also will serve as senior vice president of publications and will be responsible for operations and management of both the publications and communications divisions.

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STATUS OF AIRPORT & AIRWAY TRUST FUND

NOVEMBER 30, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 8,702,075,740.72	$ 8,625,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	5,645,000.00	11,675,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	218,000.00	450,000.00
2. Non-commercial 9 cents tax	2,327,000.00	4,865,000.00
3. Non-commercial 3 cents tax	776,000.00	1,622,000.00
4. Transp by air,seats,berths,etc.	222,425,000.00	450,069,000.00
Use of international trav fac	9,680,000.00	20,679,000.00
Transp of property and cargo	12,096,000.00	25,055,000.00
Total Tax Receipts	253,167,000.00	514,415,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	0.00
2. Any liquid fuel except gas	0.00	0.00
3. Gasoline -Retailer's tax	0.00	0.00
4. Gasoline -Manufac. tax	0.00	0.00
Total Reimburse For Tax Refunds	0.00	0.00
Net Tax Receipts	253,167,000.00	514,415,000.00
C. Interest on Investments	1,082,690.63	1,082,690.63
Net Receipts	254,249,690.63	515,497,690.63
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	0.00	0.00
2. Grants-in-aid for airports	87,036,616.18	199,806,535.16
3. Facilities & equipment	52,962,431.15	104,110,216.97
4. Research engineering & development	22,517,703.50	42,971,471.58
B. NOAA weather services	0.00	0.00
C. Interest on Refund of Taxes	0.00	0.00
Total Expenditures	162,516,750.83	346,888,223.71
IV. BALANCE - END OF PERIOD	8,793,808,680.52	8,793,808,680.52

ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	636.53	
Operations	-4,635.34	
Grants-in-aid for Airports	4,169,195.16	
Facilities & Equipment	9,281,342.33	
Research Engineering & Development	36,229,141.84	
NOAA weather services	0.00	
		$ 49,675,680.52
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
9% maturing JUNE 30, 1987	$ 36,272,000.00	
9-1/8% maturing JUNE 30, 1987	111,662,000.00	
9-1/4% maturing JUNE 30, 1987	71,331,000.00	
9-3/8% maturing JUNE 30, 1987	41,623,000.00	
9-1/2% maturing JUNE 30, 1987	59,514,000.00	
9-3/4% maturing JUNE 30, 1987	8,423,731,000.00	
		8,744,133,000.00
Total Assets		8,793,808,680.52
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 8,793,808,680.52
Total Liabilities and Equity		8,793,808,680.52

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Business and commercial Aviation

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GATES ANNOUNCES NEW AGREEMENT TO SELL LEARJET STOCK TO COBEY

Gates Corporation last week announced another agreement to sell its majority interest in Gates Learjet Corp. for $6.50 per share, or $50.9 million, to a partnership to be formed by Cobey Corp. of Boston and a subsidiary of the Bear Stearns Companies Inc., an investment banking firm. Gates had announced an agreement last year to sell its 64.8 percent holding in Learjet to Cobey for $62.7 million, composed of $7 per share in cash and $1 in eight percent preferred stock for each Learjet share. That agreement terminated when the deal could not be closed by yearend (BA, Jan. 5/1). Cobey is described as an investment firm of which banker Adrienne A. Feldman is chairman and Matthew C. Weisman is president. Weisman was the founder and former chairman of Executive Air Fleet Corp. He sold his interest in EAF to PHH Group Inc. in 1982.

The latest agreement is subject to a number of considerations including: receipt by the partnership of financing; the negotiation and execution of a merger agreement between Learjet and the Cobey-Bear Stearns partnership, pursuant to which all of the remaining Learjet common stock, would be purchased for $6.50 in cash; and, approval by the Learjet board of directors of that merger agreement. In addition, Gates said its obligation to sell its Learjet shares "is conditioned upon the partnership purchasing from a Gates subsidiary a $23 million promissory note of Learjet." A Gates spokesman said the company expects the agreement to be completed within 30-45 days.

Other Suitors Also Bidding For Learjet

Announcement of the latest agreement with Cobey/Bear Stearns triggered separate statements from two other groups—AVAQ International, whose principals include Federal Express founder Arthur Bass and Paul S. Dopp, a former owner of Butler Aviation; and, InterConnect Inc., which said they were attempting to acquire the Gates interest in Learjet. A spokesman for Gates told BA Friday "the only agreement we have" is the one with Cobey/Bear Stearns, adding that reports of an agreement between Gates and any other party are "totally unfounded." AVAQ representatives issued a statement last Tuesday that the firm had "a binding agreement" with Gates that gave AVAQ "the exclusive right" to purchase Gates' seven million shares of Learjet through March 13, adding that AVAQ planned to "take whatever action is necessary" to protect its interests. AVAQ officials were said to be in meetings Friday and not available for comment.

InterConnect, a Connecticut firm, said it had made an offer to the Learjet board of directors to buy all 12.1 million shares outstanding for $7.07 per share, adding that it intended to purchase the $23 million promissory note for $13 million should the InterConnect bid be successful. In a statement issued Friday, InterConnect "repeated its demand that all 'seriously interested parties' for Gates Learjet Corp. be given an opportunity to present their proposals to the board of directors of Gates Learjet Corp."

There have been reports that Gates was considering a separate sale of Combs Gates, Inc., the chain of fixed-base operations that operate as a subsidiary of Gates Learjet Corp. The Gates spokesman Friday said that was not the case, adding that Gates was selling all its Learjet stock to Cobey/Bear Stearns, which would give that partnership control of the entire company including aircraft manufacturing operations in Wichita and Tucson, the Combs-Gates FBO chain and Gates Learjet Aircraft Services Corp. which maintains the fleet of C-21A Learjets sold to the U.S. Air Force.

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TRUST FUND BALANCE TOPS $9 BILLION -- Balance in the Aviation Trust Fund topped $9 billion for the first time at the end of December, according to the latest figures from the Treasury Department (see chart on the back of this page). In the first quarter of fiscal 1987, Treasury collected $732.1 million in user taxes and more than $419 million in interest on investments during the quarter swelled net receipts to $1.1 billion. Expenditures totaled $726.6 million during the period.

Both Rep. Norman Mineta (D-Calif.), chairman of the House aviation subcommittee, and Rep. Dan Glickman (D-Kan.) have introduced bills to suspend user taxes to cut the Trust Fund's surplus. Mineta's bill, H.R.8, calls for the reduction of unfunded authorizations if they exceed the fund's uncommitted surplus and its estimated revenues (BA, Jan. 12/12). Glickman's bill, H.R.1293, would suspend the collection of excise taxes whenever the balance exceeds $1 billion (BA, March 9/76). He said the General Accounting Office has predicted the Trust Fund's balance will be close to $12 billion by 1991.

NBAA TO CONSIDER CHANGES IN DUES STRUCTURE, MEMBERSHIP CRITERIA -- Board of directors of the National Business Aircraft Association is scheduled to consider proposals to modify the association's dues structure and redefine the criteria for membership at a meeting early next month. NBAA President Jonathan Howe said last week the proposed changes are designed to accomplish several goals, including making NBAA's membership figures more representative of the actual number of companies involved and also to offset some attrition in membership.

Howe said a review of the dues structure was one of the tasks the board assigned to him when he was hired last year (BA, May 19/153). He said NBAA's dues structure has not changed since 1969 and is based on a minimum fee, plus an additional amount depending on the size and number of aircraft in an operator's fleet. As a practical matter, Howe said, most large companies hit a $1,000 dues cap and do not pay more than that regardless of how large their flight department may be. While an overall dues increase is possible, Howe indicated the board will focus on raising or removing the $1,000 ceiling on membership costs, adding that there appears to be a significant amount of sentiment for such action. Howe acknowledged that NBAA membership has declined slightly due to economic conditions in certain industries, particularly in the oil and other energy related businesses. In addition, the number of professional flight departments has declined because of mergers and consolidations of companies that both previously had flight departments. Another factor is the trend for individual companies to shut down their own flight departments in favor of time-sharing arrangements with aircraft management firms.

He also said NBAA is considering a change in structure so that subsidiaries of large firms would be listed as individual members of the association rather than the current system under which individual operating companies are included in NBAA under a single corporate membership. "One thing we're looking at is whether we should count subsidiaries" as individual members, Howe said, adding that he believes NBAA may be "underrepresenting our true constituency" under the current system.

DUTCH LEASING COMPANY ORDERS 10 CARAVAN IIs, OPTIONS SIX -- Cessna Aircraft has received an order for 10 Caravan II aircraft from Aviation Lease Holland B.V., a Dutch leasing company. Order includes an option for six additional aircraft. Contract is the largest twin-engine turboprop fleet sale ever for Cessna. Martin Duijvestijn, managing director of Aviation Lease said aircraft will be leased to operators in any European country. Fleet will be maintained by Aviation Technics at Teuge Airport in Holland. Delivery will begin this month and will continue at a rate of one per month.

USC TO SPONSOR DRUG ABUSE FORUM -- Institute of Safety and Systems Management at the University of Southern California will sponsor a two-day forum on the impact of drugs in the workplace April 28-29. Meeting will focus on providing "real answers to hard questions" concerning employe substance abuse programs and the legal ramifications of those programs. Advisors will include Stephen Goodman, a doctor with the Federal Aviation Administration and Clifton Moore, general manager of the Los Angeles Department of Airports. Meeting will be co-sponsored by the Department of Airports of the City of Los Angeles and the FAA. For more information, contact the Office of Extension and In-service Programs, Institute of Safety and Systems Management, USC, 3500 S. Figueroa Street, Suite 202, Los Angeles, Calif. 90007; telephone, (213) 743-6523.

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STATUS OF AIRPORT & AIRWAY TRUST FUND

DECEMBER 31, 1986

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 8,793,808,680.52	$ 8,625,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	5,071,000.00	16,746,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	225,000.00	675,000.00
2. Non-commercial 9 cents tax	4,743,000.00	9,608,000.00
3. Non-commercial 3 cents tax	1,720,000.00	3,342,000.00
4. Transp by air,seats,berths,etc.	189,152,000.00	639,221,000.00
Use of international trav fac	4,070,000.00	24,749,000.00
Transp of property and cargo	12,743,000.00	37,798,000.00
Total Tax Receipts	217,724,000.00	732,139,000.00
B Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	50.00	50.00
2. Any liquid fuel except gas	2,492,050.00	2,492,050.00
3. Gasoline -Retailer's tax	2,180.00	2,180.00
4. Gasoline -Manufac. tax	270.00	270.00
Total Reimburse For Tax Refunds	2,494,550.00	2,494,550.00
Net Tax Receipts	215,229,450.00	729,644,450.00
C. Interest on Investments	418,753,651.47	419,836,342.10
Net Receipts	633,983,101.47	1,149,480,792.10
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	132,300,000.00	132,300,000.00
2. Grants-in-aid for airports	121,544,570.14	321,351,105.30
3. Facilities & equipment	95,392,313.85	199,502,530.82
4. Research engineering & development	23,299,986.56	66,271,458.14
B. NOAA weather services	7,250,000.00	7,250,000.00
C. Interest on Refund of Taxes	20.00	20.00
Total Expenditures	379,786,890.55	726,675,114.26
IV. BALANCE - END OF PERIOD	9,048,004,891.44	9,048,004,891.44

ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	718.00	
Operations	1,245,364.66	
Grants-in-aid for Airports	524,625.02	
Facilities & Equipment	9,902,028.48	
Research Engineering & Development	22,122,155.28	
NOAA weather services	0.00	
		$ 33,794,891.44
Investments :		
U.S. TREASURY CERTIFICATES OF INDERTEDNESS:		
8-7/8% maturing JUNE 30, 1987	$ 402,388,000.00	
9-1/8% maturing JUNE 30, 1987	15,623,000.00	
9-1/4% maturing JUNE 30, 1987	71,331,000.00	
9-3/8% maturing JUNE 30, 1987	41,623,000.00	
9-1/2% maturing JUNE 30, 1987	59,514,000.00	
9-3/4% maturing JUNE 30, 1987	8,423,731,000.00	
		9,014,210,000.00
Total Assets		9,048,004,891.44
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 9,048,004,891.44
Total Liabilities and Equity		9,048,004,891.44

BUSINESS/PERSONAL AIRCRAFT INDUSTRY – FEBRUARY UNIT SHIPMENTS

		Feb. 87	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	2	2
TB-10	Tobago	4	5
TB-21	Trinidad TC	2	7
R110		0	0
R180		0	0
R235		0	0
TOTAL		8	14
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-C23	Sundowner	•	0
BE-C24R	Sierra	•	0
BE-F33A	Bonanza	•	5
BE-F33C	Bonanza	•	0
BE-A36	Bonanza	•	1
BE-36TC	Bonanza	•	1
• Multi-Engine			
BE-58	Baron	•	0
BE-58P	Baron	•	0
BE-76	Duchess	•	0
BE-C99	Airliner	•	0
BE-C90-1	King Air	•	0
BE-F90-1	King Air	•	0
BE-200	Super King Air	•	2
BE-200C	Super King Air	•	0
BE-300	Super King Air	•	2
BE-200T	Super King Air	•	0
BE-1900C	Commuter	•	0
Beechjet 400		•	0
Diamond IA		•	0
TOTAL		•	11
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	2	4
HS-748		0	0
BAe 146-100		1	2
BAe 146-200		0	0
HS-125	Model A	1	2
HS-125	Model B	1	1
TOTAL		5	9
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	0	6
Mark III	Trislander	0	0
TOTAL		0	6
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	2	2
TOTAL		2	2
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		•	0
CE-172	Skyhawk	•	0
CE-172RG	Cutlass	•	0
CE-182	Skylane	•	0
CE-182	Turbo Skylane	•	0
CE-182RG	Skylane RG	•	0
CE-182RG	Turbo Skylane RG	•	0
CE-U206	Stationair 6	•	1
CE-TU206	Turbo Stationair 6	•	0
CE-208	Caravan I	•	3
CE-210	Centurion	•	0
CE-T210	Turbo Centurion	•	0
CE-P210	Pressurized Centurion	•	0
• Multi-Engine			
CE-303	Crusader	•	0
CE-402		•	0
CE-406	Caravan II	•	0
CE-414	Chancellor	•	0
CE-421	Golden Eagle	•	0
CE-425	Conquest I	•	0
CE-441	Conquest II	•	2
CE-550	Citation I	•	0
CE-S550	Citation S/II	•	0
CE-650	Citation III	•	1
REIMS AVIATION			
• Single-Engine			
CE-F152		•	0
CE-F152	Aerobat	•	0
CE-F172	Skyhawk	•	0
TOTAL		•	7
AVIONS-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	0	1
AD-My.50	Falcon	0	0
AD-My.900	Falcon	1	3
TOTAL		1	4
DEHAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5	Buffalo	0	0
DHC-6	Twin Otter	0	0
DHC-7		0	0
DHC-8		2	2
TOTAL		2	2
EMBRAER			
• Single-Engine			
EMB-210	Ipanema	1	5
EMB-711	Corisco	0	0
EMB-712	Tupi	0	0
EMB-720	Minuano	0	1
• Multi-Engine			
EMB-110	Bandeirante	1	1
EMB-120	Brasilia	1	3
EMB-121	Xingu	0	0
EMB-810D	Seneca II	4	4
EMB-820		0	0
EMB-821	Carajah	1	2
TOTAL		8	16
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		•	0
Fairchild 300		•	0
Merlin IV-C		•	0
Metro III		•	0
Expediter		•	0
TOTAL		•	0
GATES LEARJET			
• Multi-Engine			
LR-35A		•	0
LR-36A		•	0
LR-55		•	0
TOTAL		•	0
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	3	3
GR-1159C	Gulfstream IV	1	1
TOTAL		4	4
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	0
Astra		0	0
TOTAL		0	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4200EP		0	0
LA-250	Renegade	1	1
TOTAL		1	1

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		Feb. 87	Cal. Year
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	2
M-5-200		0	0
M-5-235C	Lunar Rocket	1	1
M-6-235		0	1
MX-7-180	Super Rocket	0	2
M-7-235	Super Rocket	1	5
MX-7-235		5	5
TOTAL		8	16
Manufacturers net billing — $397,399			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	4	6
M-20J	205	2	4
M-20K	231	0	0
M-20K	252	2	7
TOTAL		8	17
PARTENAVIA S.P.A.			
• Multi-Engine			
P68		0	0
P68C-TC		0	3
P68	Observer	0	0
P68	Observer TC	0	0
Spartacus		0	0
TOTAL		0	3

		Feb. 87	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-28-161	Warrior	*	*
PA-28-181	Archer II	*	*
PA-28-236	Dakota	*	*
PA-28RT-201T	Turbo Arrow IV	*	*
PA-32-301	Saratoga	*	*
PA-32R-301	Saratoga SP	*	*
PA-32R-301T	Turbo Saratoga SP	*	*
PA-46-310P	Malibu	*	*
• Multi-Engine			
PA-31-350	Chieftain	*	*
PA-31-600	Cheyenne IA	*	*
PA-42-720	Cheyenne III	*	*
PA-42-720	Cheyenne IIIA	*	*
PA-42-1000	Cheyenne 400LS	*	*
PA-44-180	Seminole	*	*
PA-44-180T	Turbo Seminole	*	*
TOTAL		*	*
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		1	1
TOTAL		1	1
	SINGLE-ENGINE	26	65
	MULTI-ENGINE	22	48
	GRAND TOTAL	48	113

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	February			Calendar Year to Date		
	1987	1986	1985	1987	1986	1985
Aerospatiale	8	3	*	14	5	*
Beech	*	16	18	11	34	32
British Aerospace	5	5	1	9	7	4
Britten-Norman	0	0	0	6	0	0
Canadair	2	0	3	2	0	6
Cessna	*	32	73	7	53	140
Dassault	1	2	2	4	4	4
De Havilland	2	2	3	2	2	4
Embraer	8	7	9	16	13	23
Fairchild	*	0	2	0	1	2
Gates	0	0	2	0	0	2
Gulfstream	4	1	3	4	1	6
Israel	*	0	0	0	0	0
Lake	1	0	0	1	1	3
Maule Air	8	7	5	16	11	8
Mooney	8	9	10	17	16	18
Partenavia	0	0	*	3	0	*
Piper	*	36	42	*	53	82
Short	1	1	*	1	1	1
TOTAL	48	121	173	113	207	336

* Figures not available.

4/27/87 CC340-1

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INSPECTIONS REQUIRE REMOVAL OF WINGS FROM THOUSANDS OF PIPERS

An airworthiness directive issued by the Federal Aviation Administration will require owners of certain PA-28 and PA-32 aircraft to remove both wings from their aircraft to check for cracks in the wing spar and surrounding structure. Inspections will be required for aircraft that have more than 5,000 hours time in service, a threshold that FAA said will affect some 7,000-8,000 aircraft. Effective date of the AD is May 5. The AD resulted from a continuing investigation by the National Transportation Safety Board of a recent inflight wing separation accident involving a PA-28 that had nearly 7,500 hours and which was used for pipeline patrol missions (BA, April 20/122).

Aircraft affected include all models of the PA-28 series, with the exception of PA-28-236s, and also will apply to some PA-32-260 and PA-32-300 models. For aircraft with over 5,000 hours, the inspections will require the removal of both wings, each attached to the aircraft with 18 bolts. AD requires examination of the wing spar using both 10-power magnification and dye penetrant. If cracks are found, the spar and/or wing must be replaced with a serviceable unit prior to further flight.

The AD requires a single inspection, but FAA may require recurring inspections depending on how many cracks are found. Persons required to inspect their aircraft must report their findings within five days to FAA's Atlanta Aircraft Certification Office at (404) 991-2910. FAA estimates there are about 34,000 units of the models listed, of which 7,000-8,000 have more than 5,000 hours. Piper officials told BA their figures indicate only about 22,000 of the listed aircraft are currently registered and estimate the number with more than 5,000 hours at about 3,400. The company had no estimate on the cost of complying with the AD, but said the inspections would probably take 30-35 man-hours to complete.

ENGEN CITES 'OVERABUNDANCE OF MICROMANAGEMENT' BY DOT

FAA Administrator Donald Engen, who has refused to publically criticize interference in FAA affairs by DOT Secretary Elizabeth Dole, last week acknowledged the difficulties FAA has in accomplishing its mission while under DOT control. Testifying before a House appropriations subcommittee, Engen said he didn't want to give a personal explanation for his recent decision to resign his FAA post. He did, however, offer a number of "general" suggestions for future FAA Administrators. Engen said tension and conflict between FAA and Office of the Transportation Secretary was a factor in his decision, but said that tension "is institutional. It's built into the system and every other living FAA Administrator talks about it. Referring to a lunch he had with all of his predecessors at FAA, Engen said "each former administrator made a point to come and take me by the arm and ask, 'How are you getting on with the secretary?' I must say, it's not the secretary herself, but it's people in her office, sometimes at the midlevel."

Engen suggested that the Office of the Secretary should play less of a role in FAA personnel and acquisition decisions since "there has been on occasion an overabundance of micromanagement." He said FAA should be able to promote its own people without lengthy review at the secretarial level. Engen also noted the problem of enacting rulemaking, citing an executive order that requires FAA to submit all proposed rulemakings to the secretarial level. "Rules will bounce back and forth for just months on end. By the time you have a final rule on, say, Mode S, you feel you've given birth to an elephant."

NOW ONLINE WORLDWIDE

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – FIRST QUARTER UNIT SHIPMENTS

		1st Quarter 87	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	2	2
TB-10	Tobago	11	11
TB-20	Trinidad	17	17
TB-21	Trinidad TC	1	1
R235		0	0
TOTAL		31	31
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	20	20
BE-F33C	Bonanza	0	0
BE-A36	Bonanza	9	9
BE-36TC	Bonanza	3	3
• Multi-Engine			
BE-58	Baron	0	0
BE-58P	Baron	0	0
BE-76	Duchess	0	0
BE-C99	Airliner	0	0
BE-C90-1	King Air	2	2
BE-F90-1	King Air	1	1
BE-200	Super King Air	7	7
BE-200C	Super King Air	0	0
BE-300	Super King Air	6	6
BE-200T	Super King Air	0	0
BE-1900C	Commuter	3	3
Beechjet 400		1	1
Diamond IA		0	0
TOTAL		52	52
Manufacturers net billing – $50,126,413			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	7	7
HS-748		0	0
BAe 146-100		3	3
BAe 146-200		0	0
HS-125	Model A	3	3
HS-125	Model B	2	2
TOTAL		15	15
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	8	8
Mark III	Trislander	2	2
TOTAL		10	10
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	2	2
TOTAL		2	2
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		14	14
CE-172	Skyhawk	1	1
CE-172RG	Cutlass	0	0
CE-182	Skylane	0	0
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	0
CE-182RG	Turbo Skylane RG	0	0
CE-U206	Stationair 6	2	2
CE-TU206	Turbo Stationair 6	0	0
CE-208	Caravan I	10	10
CE-210	Centurion	2	2
CE-T210	Turbo Centurion	0	0
CE-P210	Pressurized Centurion	0	0
• Multi-Engine			
CE-303	Crusader	0	0
CE-402		0	0
CE-406	Caravan II	1	1
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-425	Conquest I	1	1
CE-441	Conquest II	5	5
CE-550	Citation I	0	0
CE-S550	Citation S/II	3	3
CE-650	Citation III	11	11
REIMS AVIATION			
• Single-Engine			
CE-F152		0	0
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
TOTAL		50	50
Manufacturers net billing – $94,216,059			
AVION-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	2	2
AD-My.50	Falcon	1	1
AD-My.300	Falcon	4	4
TOTAL		7	7
DE HAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5	Buffalo	0	0
DHC-6	Twin Otter	0	0
DHC-7		0	0
DHC-8		5	5
TOTAL		5	5
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	5	5
EMB-711	Corisco	0	0
EMB-712	Tupi	0	0
EMB-720	Minuano	2	2
• Multi-Engine			
EMB-110	Bandeirante	1	1
EMB-120	Brasilia	4	4
EMB-121	Xingu	0	0
EMB-810D	Seneca II	6	6
EMB-820		0	0
EMB-821	Carajah	2	2
TOTAL		20	20
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III		0	0
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		5	5
Expediter		0	0
TOTAL		5	5
GATES LEARJET			
• Multi-Engine			
LR-35A		0	0
LR-36A		0	0
LR-55		1	1
TOTAL		1	1
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	3	3
GR-1159C	Gulfstream IV	3	3
TOTAL		6	6
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	0	0
1124A	Westwind 2	0	0
Astra		0	0
TOTAL		0	0
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	0
LA-250	Renegade	2	2
TOTAL		2	2

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		1st Quarter 87	Cal. Year
MAULE AIR INC			
• Single-Engine			
M-5-180C		2	2
M-5-200		0	0
M-5-235C	Lunar Rocket	1	1
M-6-235		1	1
MX-7-180	Super Rocket	2	2
M-7-235	Super Rocket	6	6
MX-7-235		9	9
TOTAL		21	21
Manufacturers net billing – $1,063,987			
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	8	8
M-20J	205	12	12
M-20K	231	0	0
M-20K	252	13	13
TOTAL		33	33
PARTENAVIA S.P.A.			
• Multi-Engine			
P68		0	0
P68C-TC		3	3
P68	Observer	0	0
P68	Observer TC	0	0
Spartacus		0	0
TOTAL		3	3

		1st Quarter 87	Cal. Year
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-28-161	Warrior	3	3
PA-28-181	Archer II	15	15
PA-28-236	Dakota	0	0
PA-28RT-201T	Turbo Arrow IV	4	4
PA-32-301	Saratoga	5	5
PA-32R-301	Saratoga SP	1	1
PA-32R-301T	Turbo Saratoga SP	0	0
PA-46-310P	Malibu	16	16
• Multi-Engine			
PA-31-350	Chieftain	0	0
PA-31-500	Cheyenne 1A	1	1
PA-42-720	Cheyenne III	0	0
PA-42-720	Cheyenne IIIA	2	2
PA-42-1000	Cheyenne 400LS	2	2
PA-44-180	Seminole	0	0
PA-44-180T	Turbo Seminole	0	0
PA-T1040		0	0
TOTAL		49	49
Manufacturers net billing – $17,698,861			
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		10	10
TOTAL		10	10
	SINGLE-ENGINE	199	199
	MULTI-ENGINE	123	123
	GRAND TOTAL	322	322

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	1st Quarter			Calendar Year to Date		
	1987	1986	1985	1987	1986	1985
Aerospatiale	31	15	*	31	15	*
Beech	52	53	58	52	53	58
British Aerospace	15	16	12	15	16	12
Britten-Norman	10	1	0	10	1	0
Canadair	2	1	2	2	1	2
Cessna	50	103	204	50	103	204
Dassault	7	4	6	7	4	6
De Havilland	5	6	7	5	6	7
Embraer	20	19	31	20	19	31
Fairchild	5	4	4	5	4	4
Gates	1	2	4	1	2	4
Gulfstream	6	2	12	6	2	12
Israel	0	0	0	0	0	0
Lake	2	1	5	2	1	5
Maule Air	21	15	17	21	15	17
Mooney	33	26	25	33	26	25
Partenavia	3	5	7	3	5	7
Piper	49	76	133	49	76	133
Short	1	7	1	1	7	1
TOTAL	322	356	520	322	356	520

* Figures not available.

BUSINESS AVIATION BRIEFS

LAWRENCE HECKER, vice president-flight operations for Western Airlines, was formally nominated last week by President Reagan to become FAA deputy administrator. Hecker has been serving as a consultant at FAA for the past several weeks (BA, March 23/89). There still was no word from the Reagan Administration last week about the nomination of Federal Express executive T. Allan McArtor, who announced earlier that he had been selected to succeed Donald Engen as FAA Administrator.

* * *

GULFSTREAM CHAIRMAN Allen Paulson is seeking maximum exposure for his attempt to set a round-the-world flight record in a Gulfstream IV. Paulson plans to depart Paris on June 12--the second day of the Paris Air Show--and expects to be back in Paris in about 43 hours.

* * *

ACCIDENT THAT DAMAGED the prototype Sunbird aircraft on April 18 has not dampened the enthusiasm of the aircraft's developers. Verilite Aircraft Company officials say they plan to go ahead with a public stock offering aimed at raising $2 million in development financing.

* * *

REP. JIM LIGHTFOOT told the recent National Air Transportation Association convention that "the number one issue has to be to get the (Aviation) Trust Fund off the unified budget." Lightfoot urged NATA members to contact their Congressional representatives to generate support for taking the Trust Fund off budget, noting that "If it's not the number one issue for you, it's not going to be the number one issue for whoever represents you."

* * *

FAIRCHILD INDUSTRIES, which has been reducing its emphasis on aviation programs and cutting costs to improve liquidity and permit concentration on other business segments, has sold its fleet of three corporate aircraft. In addition, the company has eliminated 10 vice president positions. Latest executive to leave the company was John W. Townsend, Jr., who had been executive vice president-corporate development. He is joining NASA as a special consultant to Administrator James Fletcher.

* * *

RYDER SYSTEMS INC. reported "substantially higher profits" in its aviation services business as a result of the sale of used jet aircraft and increased sales of new and used aircraft parts. Aviall said inclusion of the Van Dusen new aircraft parts business and of American Jet Industries, both of which were acquired in 1986, contributed to the increase in parts sales. Aviation services revenues jumped 58.9 percent to $240.5 million in the quarter ended March 31, when compared to the same period last year. Before-tax earnings for the segment more than doubled, from just over $10 million in the first quarter of 1986 to $22.7 million in the quarter just ended.

* * *

SINGER COMPANY said last week it was selected to develop and manage the aircrew training system for the Lockheed C-130 aircraft by the U.S. Force's Aeronautical Systems Division. Singer said the initial development and operations contract is for $11.5 million, "but total value of the program is expected to exceed $240 million." Training will be conducted by Singer's SimuFlite Division together with the company's Link Flight Simulation and Allen divisions.

* * *

BUSINESS AIRCRAFT ACCIDENT STATISTICS for the past 16 years, detailing the phase of flight in which the accident occurred, are shown in a chart on the back of Page 134. In addition, charts analyzing turbine helicopter accidents from 1981-1986 are shown on the back of Page 135. Charts were prepared by Robert E. Breiling Associates for presentation at the recent Flight Safety Foundation Corporate Aviation Safety Seminar (BA, April 20/122).

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BUSINESS AIRCRAFT ACCIDENTS BY FLIGHT PHASE

	Takeoff	Climb	Cruise	Descent	Approach	Landing
1970-1980	13%	9%	6%	6%	33%	30%
1981	17%	8%	5%	4%	25%	40%
1982	15%	7%	7%	5%	22%	44%
1983	22%	2%	5%	2%	14%	53%
1984	13%	4%	8%	1%	12%	62%
1985	18%	0	0	3%	32%	47%
1986	15%	6%	9%	0	20%	50%

Robert E. Breiling Associates

TURBINE HELICOPTER ACCIDENTS 1981 – 1986

	1981-1985		1986	
	Number	Percent	Number	Percent
ENGINE/ACCESSORY MALFUNCTION/FAILURE	146	38%	15	24%
HIT OBJECTS LANDING	33	9%	6	10%
HARD LANDING	26	7%	3	6%
CONTROL LOSS TAKEOFF/LANDING	24	6%	13	21%
HIT OBJECT TAKEOFF	22	6%	5	8%
TAIL ROTOR MALFUNCTION/FAILURE	19	5%	4	6%
VFR IN IFR	13	3%	7	11%
FUEL EXHAUSTION	7	2%	2	3%
PAX WALKED INTO TAIL ROTOR	9	2%	-	-
UNKNOWN/OTHER	48	12%	7	11%

Robert E. Breiling Associates

1986 TURBINE HELICOPTER ACCIDENTS BY OPERATOR TYPE

	Comm. Off-Shore	Comm. Air Taxi	EMS	Private/ Business	Police, TV, Corp. Off-Shore, Spec. Purpose	Corp/ Exec.	All
ACCIDENTS	10	32	6	6	5	3	62
FATAL ACCIDENTS	1	3	1	2	1	2	10
FATALITIES	1	28	3	2	2	8	44
DESTROYED	3	6	2	2	2	2	17
SUBSTANTIAL	7	26	4	4	3	1	45

Robert E. Breiling Associates

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GAO: FAA BUDGET REQUEST DOES NOT REFLECT REALISTIC STAFFING NEEDS

The air traffic control system has "fewer air traffic controllers than it did in 1981 to handle more traffic within the same system," according to a report by the General Accounting Office. Conducted at the request of Sen. Frank Lautenberg (D-N.J.), the study said FAA's request to increase the controller workforce by only 225 positions in fiscal year 1988, "does not reflect realistic staffing needs."

During a hearing last week, Lautenberg said he is frustrated with the "widespread and dramatic" shortages of fully qualified air traffic controllers and said FAA Administrator Donald Engen is "in the unenviable position of serving two masters...air safety and the Office of Management and Budget."

The GAO's report pointed to several discrepancies in full performance level staffing at air traffic control facilities as reported by the GAO and FAA's personnel management information system (PMIS). When confronted with the discrepancy, Engen said he didn't "want to get into an argument over numbers...we are not where we want to be, but we are moving in that direction...there is not a position in the entire system that is not manned by a fully qualified person for that position." Engen said the number of full performance level controllers would never reach "the ideal number of 13,000," but said it could reach 12,000. Engen said there are currently 9,565 FPLs throughout the system, representing 70 percent of the total controller workforce. Engen said the FY 1987 goal of 15,089 was met at the end of March, and the April work force is at 15,132. He said FAA was requesting a minimum controller workforce of 15,225 by Sept. 30, 1988 (see related article on Page 148).

Herbert McLure, associate director of GAO, said FAA has not "rebuilt the air traffic control workforce to current staffing standards and goals," and said it should "do more to tailor air traffic to the capabilities of its controllers." McLure also said because FAA cannot quickly increase the number of air traffic controlelrs or provide new equipment to reduce the workload, it is "left with two choices: stretch the controllers or limit air traffic." McLure said he agreed with remarks made by National Transportation Safety Board Chairman James Burnett that FAA should limit traffic (BA, May 4/138).

BEECH TO PAY COST OF MODIFYING V-TAIL BONANZA FLEET

Beech Aircraft Corp. said last week it will pay for airframe modifications necessary to relieve operating restrictions on some 5,300 V-tail Bonanzas. A series of speed restrictions were imposed on V-tail Bonanzas last fall after a lengthy series of tests by FAA and the manufacturer revealed a potential problem with load distribution on the tail assembly (BA, Oct. 20/121).

FAA figures show that Beech had built a total of 10,405 V-tail Bonanzas beginning in 1947 and ending in 1982. Beech said there currently are about 7,200 V-tails still in service, of which approximately 5,300 will require tail modifications. The remaining 1,900 V-tail Bonanzas—including the Model 35, A35 and B35 built between 1947 and 1950—do not need the modifications, Beech said. In addition, the approximately 5,400 conventional-tail Bonanzas built since 1960 also are not involved in the modification program.

Modifications for the affected V-tails include a small fuselage-mounted brace positioned over the stabilizer leading edge on C35 through V35B Bonanzas built between 1951 and 1982. An additional external stabilizer reinforcement will be added to C35 through G35 models built between 1951 and

(Continued on the following page)

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AIRPORT & AIRWAY TRUST FUND
Status As Of Feb. 28, 1987

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 9,134,854,479.18	$ 8,625,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	5,945,000.00	29,172,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	218,000.00	1,125,000.00
2. Non-commercial 9 cents tax	1,807,000.00	13,998,000.00
3. Non-commercial 3 cents tax	602,000.00	4,805,000.00
4. Transp by air,seats,berths,etc.	219,245,000.00	1,060,741,000.00
Use of international trav fac	7,708,000.00	39,889,000.00
Transp of property and cargo	13,225,000.00	62,874,000.00
Total Tax Receipts	248,750,000.00	1,212,604,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	50.00
2. Any liquid fuel except gas	0.00	2,492,050.00
3. Gasoline -Retailer's tax	0.00	2.180.00
4. Gasoline -Manufac. tax	0.00	270.00
Total Reimburse For Tax Refunds	0.00	2,494,550.00
Net Tax Receipts	248,750,000.00	1,210,109,450.00
C. Interest on Investments	883,624.80	421,095,634.86
Net Receipts	249,633,624.80	1,631,205,084.86
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	48,500,000.00	227,350,000.00
2. Grants-in-aid for airports	67,595,178.07	448,782,273.89
3. Facilities & equipment	55,276,223.13	286,848,731.22
4. Research engineering & development	5,851,008.17	78,907,578.74
B. NOAA weather services	0.00	7,250,000.00
C. Interest on Refund of Taxes	0.00	20.00
Total Expenditures	177,222,409.37	1,049,138,603.85
IV. BALANCE - END OF PERIOD	9,207,265,694.61	9,207,265,694.61

STATEMENT OF FINANCIAL CONDITION

ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	10.76	
Operations	-4,635.34	
Grants-in-aid for Airports	11,393,456.43	
Facilities & Equipment	12,869,828.08	
Research Engineering & Development	7,572,034.68	
NOAA weather services	0.00	
		$ 31,830,694.61
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
8-3/4% maturing JUNE 30, 1987	$ 161,225,000.00	
8-7/8% maturing JUNE 30, 1987	402,388,000.00	
9-1/8% maturing JUNE 30, 1987	15,623,000.00	
9-1/4% maturing JUNE 30, 1987	71,331,000.00	
9-3/8% maturing JUNE 30, 1987	41,623,000.00	
9-1/2% maturing JUNE 30, 1987	59,514,000.00	
9-3/4% maturing JUNE 30, 1987	8,423,731,000.00	
		9,175,435,000.00
Total Assets		9,207,265,694.61
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 9,207,265,694.61
Total Liabilities and Equity		9,207,265,694.61

Treasury Department Chart

6/15/87 C6240-1

Business and commercial Aviation

THE WEEKLY OF BUSINESS AVIATION

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AIR TRAFFIC CONTROLLERS ELECT NATCA FOR UNION REPRESENTATION

Air traffic controllers voted last week to accept representation by the National Air Traffic Controllers Association by a nearly 70 percent margin. Ballots, which were counted last Thursday, resulted in 7,494 of 10,768 cast in favor of union representation. Approval required only a simple majority. John Thorton, NATCA's national coordinator, said the victory "culminates years of hard work and sacrifices."

Thorton said NATCA would be based on a "non-adversarial approach to problem solving." The union's constitution holds a no-strike provision which requires that the union work within the limits of the law. Thorton said NATCA did not want to take an adversarial position and said users of the system should not be made "pawns of our position for the purpose of negotiation." Thorton said the union would be an effective tool on Capitol Hill. He said that after having "congressmen, the General Accounting Office, and the Federal Aviation Administration testify about controllers, it is about time that controllers testify about controllers."

Hiring of more air traffic controllers will be the union's number one priority, Thorton said. He said the system is stretched to the limit now, and estimated approximately 3,000 more controllers are needed. "Staffing has so much to do with every aspect of the job," Thorton said. He said the air traffic system must be restricted and said the level of traffic has outgrown the system's capabilities. NATCA has not as of yet taken a position on rehiring fired controllers from the 1981 PATCO strike, Thorton said, with the union being "pretty much split down the middle."

Vote for NATCA representation began on May 6 when the Federal Labor Relations Authority mailed ballots to approximately 12,500 controllers on behalf of NATCA. NATCA won approval for the election by submitting the signatures of 5,800 controllers who favored an election (BA, March 30/98). The ballot provided two options, a vote for NATCA, or a vote for no union. Air traffic controllers have been without a union since shortly after the illegal strike in August 1981 by the Professional Air Traffic Controllers Organization (PATCO).

FAA RESPONDS TO NTSB WITH FLOW CONTROL ADJUSTMENTS

Federal Aviation Administration announced Thursday that Central Flow Control in Washington, D.C. will take control of 44 of the nation's 652 air traffic control sectors previously under regional jurisdiction, in an attempt to aid in the reduction of air traffic this summer. FAA also placed additional approach control (or "over") sectors under the control of the central facility to monitor traffic in transit between these areas, said David Hurley, an FAA official. New procedures will require aircraft to be "held on the ground, air speeds reduced, or traffic rerouted" in order to space out aircraft. General aviation pilots flying above 23,000 feet will be asked to file IFR flight plans at least four hours ahead of departure (BA, June 1/178). General aviation interests had previously expressed a willingness to cooperate with the filing, but said the program must remain on a voluntary basis and be as flexible as possible.

FAA will also require student pilots flying through TCAs to receive specialized ground and flight training in the particular TCA in which they want to fly. The agency reiterated its intention to

(Continued on the following page)

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BUSINESS AVIATION BRIEFS

CESSNA AIRCRAFT CHAIRMAN RUSSELL MEYER said the company returned to profitability in the first quarter of 1987 and "we will continue to be in the black in the second quarter." Meyer said he is "not ready to call it a banner year yet, but it's turning out to be much better than we thought it would be a few months ago."

* * *

TRANSITION RULE ATTACHED TO TAX REFORM legislation last year that ended the Investment Tax Credit was cited by Meyer as a key factor in Cessna's financial turnaround. Although the bill ended use of the ITC for most business-related purchases last October, the transition rule permitted persons who contracted for aircraft prior to Dec. 31, 1986 and who take delivery of those aircraft prior to July 1, 1987, to claim the ITC credit. "We took a lot of orders in October, November, and December," Meyer said. "It was a tremendous benefit in the first half" of 1987. Cessna officials said they delivered 14 Citation business jets in the first quarter and expect to deliver 20 more in the second quarter, which represents an increase of over 200 percent compared to the same period last year.

* * *

TECHNICAL CORRECTIONS TO LAST YEAR'S TAX LAW, introduced last week, include a provision which extends the ITC transition rule exempting purchasers of aircraft built in Florida, Georgia, Kansas, and Texas to include all states. The provision was one of hundreds introduced by Sen. Lloyd Bensten (D-Texas) and Rep. Dan Rostenkowski (D-Ill.), chief writers of the law.

* * *

DEHAVILLAND CANADA AND SHORTS announced Friday in Paris they are considering two different versions of a new 25-seat aircraft for the regional market. The two planes, designated NRA (New Regional Airliner) 90-A and NRA 90-B, would have identical 95-inch fuselage diameters permitting six-foot stand-up headroom in the aisle. The NRA 90-A is a conventional high-wing twin-turboprop design that emphasizes system's simplicity for low cost operation. The NRA 90-B is a more radical high technology design featuring two turbine engines mounted within the rear fuselage driving two aft mounted counter rotating pusher propellers with separate gearboxes and drive shafts. Officials said they would decide by yearend which design to pursue. Goal of the program is to produce an aircraft with a price of no more than $4 million (U.S.)

* * *

SAAB AIRCRAFT officials at Paris Friday said they are considering a stretch version of the SF340. Proposed aircraft would have 40-60 passenger seats but few other details were available since the study is in a very preliminary stage. No decision on what engines would power the stretch aircraft have been made.

* * *

EMBRAER officials plan to make a final decision on the powerplant for the new 19-passenger EMB-123 by July 10. Principal competitors are the Pratt and Whitney PW400/1, which is based on the PT6 core and the existing PT6 A-67 and a version of the Garrett TPE331. While no firm sales price for the aircraft has been established officials now say it will be a minimum of $3.5 million in U.S. dollars and there are indications that it could approach $4 million, depending on the engine and other parameters yet to be determined.

* * *

NATIONAL AIR TRANSPORTATION ASSOCIATION reported marginal increases in fixed-base operator and air taxi activity in the first quarter of 1987, with FBO companies with 31 to 50 employes showing the largest gains with a seven percent increase over the same period last year. Sales of avgas and jet fuel increased six percent and two percent respectively. Flight activity with increases in every category, increased eight percent; maintenance activity increased nine percent (NATA chart is shown on the back of this page).

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GENERAL AVIATION OPERATIONAL PROFILE
Comparison of First Quarter Activity
1987 vs. 1986

	Industry wide Change	Change in Activity by FBO Size				Change in Activity by FAA Region							
		1-15 Employees	16-30 Employees	31-50 Employees	over 50 Employees	CE	EA	GL	NE	NW	SO	SW	WE
	%	%	%	%	%	%	%	%	%	%	%	%	%
FULL-TIME EMPLOYEES	1	4	5	7	2	2	3	8	7	4	-3	-13	5
FUEL SALES (gallons)													
Avgas	6	2	-5	17	5	-8	15	3	7	-5	12	-17	13
Jet Fuel	2	2	5	5	1	15	2	5	-7	7	4	-6	7
Airline Contract	-6	7	8	-13	13	14	13	19	-10	15	-15	18	15
FLIGHT ACTIVITY (Hours)													
Flight Instruction	14	18	3	17	2	13	4	18	12	20	16	16	-12
Aircraft Rental	14	17	7	16	0	19	3	21	20	15	19	-5	-13
Air Taxi	8	15	6	1	7	19	-7	15	17	-11	12	-4	-2
MAINTENANCE (hours)													
Shop Hours	9	3	-12	17	6	12	-3	-8	6	2	14	-6	4

Chart by NATA

1987

Business and commercial Aviation

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LIST OF TAX 'OPTIONS' INCLUDES 10 PERCENT LEVY ON AIRCRAFT SALES

A list of tax "options" prepared by the staff of the Joint Committee on Taxation includes a 10 percent "luxury" tax on sales of non-commercial aircraft, a variety of crude oil and fuel taxes and increases in the levels of existing excise taxes such as the passenger ticket tax that provides most of the revenue for the Airport and Airway Trust Fund. As noted by House Ways and Means Committee Chairman Rep. Dan Rostenkowski (D-Ill.) when the report was released (BA, June 29/213), the committee and its individual members had not taken a position on the proposals in the option list, but Congress is under pressure to find new sources of revenues to offset government spending.

Most objectionable to general aviation interests is the suggestion of a 10 percent "luxury" tax that would apply to general aviation aircraft and other items such as "boats and yachts, china and crystal, electronic entertainment and recreational devices (such as VCRs and video cameras) and electronic or mechanical coin-operated amusement devices..."

Jonathan Howe, National Business Aircraft Association president, said putting GA aircraft into the same category as the other items "is preposterous," stating that aircraft are business tools "like printing presses or riveting machines." Ed Stimpson, president of the General Aviation Manufacturers Association, made similar arguments in a letter to Rostenkowski (see letter on the back of Page 2) and noted that the general aviation industry is severely depressed. "If the regressive proposal of a new 10 percent luxury tax should be enacted, sales can be expected to dip much lower," Stimpson said, asking that the proposal "be discarded from active consideration."

ENGEN CALLS FOR 'OPERATIONAL FLEXIBILITY' FOR FAA

Departing FAA Administrator Donald Engen, in his last public address before leaving office last Thursday, called for "operational flexibility" for the agency, saying there is a "fine line between constructive oversight and unconstructive meddling." Engen, speaking Tuesday at the National Press Club in Washington, D.C., did not mention the Transportation Department by name, but said he has had "a lot of people looking over my shoulder—Congress, GAO, NTSB, the media and industry."

FAA knows, Engen said, "to a very fine level of detail, how aircraft operate and what it takes to keep them safe. We know how to run the world's most sophisticated air traffic control system and what it takes to improve it." There is a line that "should not be crossed" by outsiders trying to influence how the agency operates, he said. "I believe strongly that the FAA Administrator must have a full measure of operational flexibility." Asked if FAA would function better as an independent agency, free of DOT interference, Engen said Congress and the Aviation Safety Commission will address that question. But he added, "we need as a nation to fence off" the Aviation Trust Fund and dedicate it to being spent for the purposes for which it was established (see related article on Page 5).

NATA URGES DELAY IN USE OF FIRE-BLOCKING MATERIALS

Failure of the Federal Aviation Administration to delay implementation of new rules requiring use of fire-blocking materials in aircraft cabin interiors will result in "severe congestion of testing and refurbishing facilities" and "an avalanche of individual applications for deviation authority, which will be encouraged by NATA," according to Larry Burian, president.

(Continued on the following page)

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STATUS OF AIRPORT & AIRWAY TRUST FUND

APRIL 30, 1987

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 9,267,308,333.40	$ 8,625,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	6,539,000.00	42,267,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	232,000.00	1,582,000.00
2 Non-commercial 9 cents tax	1,988,000.00	20,056,000.00
3. Non-commercial 3 cents tax	663,000.00	6,837,000.00
4. Transp by air,seats,berths,etc.	215,650,000.00	1,517,570,000.00
Use of international trav fac	7,897,000.00	48,937,000.00
Transp of property and cargo	13,833,000.00	89,232,000.00
Total Tax Receipts	246,802,000.00	1,726,481,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	1,880.00
2. Any liquid fuel except gas	0.00	3,297,900.00
3. Gasoline -Retailer's tax	2,000,000.00	2,002,180.00
4. Gasoline -Manufac. tax	0.00	270.00
Total Reimburse For Tax Refunds	2,000,000.00	5,302,230.00
Net Tax Receipts	244,802,000.00	1,721,178,770.00
C. Interest on Investments	844,401.55	422,483,446.20
Net Receipts	245,646,401.55	2,143,662,216.20
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	49,096,990.25	321,946,990.25
2. Grants-in-aid for airports	35,254,610.00	544,787,946.01
3. Facilities & equipment	74,351,634.92	441,704,785.10
4. Research engineering & development	6,067,512.00	97,735,200.66
B. NOAA weather services	0.00	14,499,450.00
C. Interest on Refund of Taxes	0.00	3,070.00
Total Expenditures	164,770,747.17	1,420,677,442.02
IV. BALANCE - END OF PERIOD	9,348,183,987.78	9,348,183,987.78

ASSETS :		
Undisbursed Balances:	$	
Airport & Airway Trust Fund	92.10	
Operations	-1,625.59	
Grants-in-aid for Airports	-15,812,215.69	
Facilities & Equipment	9,535,774.20	
Research Engineering & Development	5,454,412.76	
NOAA weather services	550.00	
		$ -823,012.22
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
8-5/8% maturing June 30, 1987	$ 173,572,000.00	
8-3/4% maturing June 30, 1987	161,225,000.00	
8-7/8% maturing June 30, 1987	402,388,000.00	
9-1/8% maturing June 30, 1987	15,623,000.00	
9-1/4% maturing June 30, 1987	71,331,000.00	
9-3/8% maturing June 30, 1987	41,623,000.00	
9-1/2% maturing June 30, 1987	59,514,000.00	
9-3/4% maturing June 30, 1987	8,423,731,000.00	
		9,349,007,000.00
Total Assets		9,348,183,987.78
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 9,348,183,987.78
Total Liabilities and Equity		9,348,183,987.78

THE WEEKLY OF
BUSINESS AVIATION™

JUL 20 1987

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AVIATION BUSINESS will never return to its peak production levels of the late 1970s, Raytheon CEO Thomas Phillips told stockholders recently, "but we believe general aviation has a reasonable future. We're not going to perform miracles at Beech, but we intend to operate on a frugal, belt-tightening basis with the management we have and see the Starship through," he said.

PIPER AIRCRAFT'S new owner, M. Stuart Millar, is expected to announce reduced prices for at least some of the company's product line next month at the Experimental Aircraft Association convention in Oshkosh, Wis. Millar said he intends "to make owning and flying aircraft more affordable."

FLIGHTSAFETY INTERNATIONAL reported over 30 cents in net income for every dollar of revenue during the first six months of 1987.

LAS VEGAS, NEV. could play host to the National Business Aircraft Association convention early in the 1990s. After years of ignoring the convention amenities Las Vegas offers, the NBAA board recently added the city to its list of approved convention sites. Existing schedule of convention sites—New Orleans, Dallas, Atlanta and Houston—extends through 1994, but Las Vegas could be substituted for one of those cities.

GLICKMAN, STIMPSON URGE LEGISLATORS TO REJECT 10 PERCENT TAX

The executive committee of the Democratic Study Group, in a private caucus of House Democrats last week, reiterated the viability of levying a 10 percent luxury tax on general aviation aircraft as well as boats, yachts, china and crystal and electronic entertainment devices in an attempt to reduce the federal deficit. Group Chairman Rep. Mike Lowry (D-Wash.) said the luxury tax could raise approximately $3.5 billion in additional revenue over three years. The proposal was initiated in a list of potential revenue-generating measures released late last month by the House Ways and Means Committee (BA, July 6/1).

Ed Stimpson, president of the General Aviation Manufacturers Association, who had previously asked Ways and Means Committee Chairman Dan Rostenkowksi (D-Ill.) to discard the luxury tax proposal, sent a statement to the Senate Finance Committee last week, asking "how can Congress justify the imposition of a luxury tax on something so necessary as business transportation?" He said business aircraft "contribute to a company's business objectives just like new plants, machine tools and other capital equipment." Stimpson said business aviation "has been overwhelmed with proposed tax changes" for the past several years. "Actions by Congress should be taken to stabilize and assist industry, not penalize them as this luxury tax would," Stimpson said.

Rep. Dan Glickman (D-Kan.) stressed to the Ways and Means Committee that aircraft are "vitally important to the economic viability of non-urban areas which are either not served or poorly served by air service." He said with limited air service "it is only logical to assume that firms would move their operations away from areas that are difficult to get to." He said the committee should not want "to take any action which would have the effect of further undermining the rural areas which are so tied to the weak agricultural economy." The tax options, he said, would "add burden to a suffering industry and would cost jobs at a time when we should be working to strengthen this industry. I call on the Committee to reject these options before they worsen an already difficult situation."

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – SECOND QUARTER UNIT SHIPMENTS

		2nd Quarter 87	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	1	3
TB-10	Tobago	3	14
TB-20	Trinidad	10	27
TB-21	Trinidad TC	2	3
R235		0	0
TOTAL		16	47
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	27	47
BE-F33C	Bonanza	0	0
BE-A36	Bonanza	14	23
BE-36TC	Bonanza	1	4
• Multi-Engine			
BE-58	Baron	5	5
BE-58P	Baron	1	1
BE-76	Duchess	3	3
BE-C99	Airliner	0	0
BE-C90-1	King Air	3	5
BE-F90-1	King Air	0	1
BE-200	Super King Air	8	15
BE-200C	Super King Air	1	1
BE-300	Super King Air	10	16
BE-200T	Super King Air	0	0
BE-1900C	Commuter	2	5
Beechjet 400		3	4
Diamond IA		0	0
TOTAL		78	130
Manufacturers net billing – $72,250,020			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	21	28
HS-748		0	0
BAe 146-100		6	9
BAe 146-200		0	0
HS-125	Model A	5	8
HS-125	Model B	2	4
TOTAL		34	49
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	4	12
Mark III	Trislander	0	2
TOTAL		4	14
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	7	9
TOTAL		7	9
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-172	Skyhawk	0	1
CE-172RG	Cutlass	0	0
CE-182	Skylane	0	0
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	0
CE-182RG	Turbo Skylane RG	0	0
CE-U206	Stationair 6	0	2
CE-TU206	Turbo Stationair 6	0	0
CE-208	Caravan I	21	31
CE-210	Centurion	1	3
CE-T210	Turbo Centurion	0	0
CE-P210	Pressurized Centurion	0	0
• Multi-Engine			
CE-303	Crusader	0	0
CE-402		0	0
CE-406	Caravan II	2	3
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-425	Conquest I	3	4
CE-441	Conquest II	1	6
CE-550	Citation I	0	0
CE-550	Citation II	3	3
CE-S550	Citation S/II	10	13
CE-650	Citation III	6	17
REIMS AVIATION			
• Single-Engine			
CE-F152	Aerobat	4	18
CE-F172	Skyhawk	0	0
TOTAL		51	101
Manufacturers net billing – $100,670,626			
AVION-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	0	0
AD-My.20	Falcon	0	0
AD-My.200	Falcon	0	2
AD-My.50	Falcon	2	3
AD-My.900	Falcon	0	6
TOTAL		2	11
DE HAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5	Buffalo	0	0
DHC-6	Twin Otter	1	1
DHC-7		1	1
DHC-8		13	18
TOTAL		15	20
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	6	11
EMB-711	Corisco	0	0
EMB-712	Tupi	1	1
EMB-720	Minuano	2	4
• Multi-Engine			
EMB-110	Bandeirante	3	4
EMB-120	Brasilia	9	13
EMB-121	Xingu	1	1
EMB-810D	Seneca II	12	18
EMB-820		0	0
EMB-821	Carajah	2	4
TOTAL		36	56
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		16	21
Expediter		0	0
TOTAL		16	21
GATES LEARJET			
• Multi-Engine			
LR-35A		2	2
LR-36A		0	0
LR-55		1	2
TOTAL		3	4
GULFSTREAM AEROSPACE			
• Multi-Engine			
GR-1159A	Gulfstream III	4	6
GR-1159C	Gulfstream IV	8	11
TOTAL		12	17
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	4	4
1124A	Westwind 2	0	0
Astra		1	1
TOTAL		5	5
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		2	2
LA-250	Renegade	6	8
TOTAL		8	10
Manufacturers net billing – $2,357,617			

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		2nd Quarter 87	Cal. Year
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	3
M-5-200		0	0
M-5-235C	Lunar Rocket	1	2
M-6-235		1	2
MX-7-180	Super Rocket	1	3
M-7-235	Super Rocket	4	10
MX-7-235		6	15
TOTAL		14	35
MOONEY AIRCRAFT CORP.			
• Single-Engine			
M-20J	201 Lean Machine	9	17
M-20J	205	10	22
M-20K	231	0	0
M-20K	252	21	34
TOTAL		40	73
PARTENAVIA S.P.A.			
• Multi-Engine			
P68		0	0
P68C-TC		0	3
P68	Observer	0	0
P68	Observer TC	0	0
Spartacus		0	0
TOTAL		0	3
PIPER AIRCRAFT CORP.			
• Single-Engine			
PA-28-161	Warrior	10	13
PA-28-181	Archer II	10	25
PA-28-236	Dakota	12	12
PA-28RT-201T	Turbo Arrow IV	14	18
PA-32-301	Saratoga	10	15
PA-32R-301	Saratoga SP	5	6
PA-32R-301T	Turbo Saratoga SP	2	2
PA-46-310P	Malibu	17	33
• Multi-Engine			
PA-31-350	Chieftain	0	0
PA-31-500	Cheyenne IA	0	1
PA-31-620	Cheyenne IIXL	1	2
PA-34-220T	Seneca III	24	33
PA-42-720	Cheyenne III	0	0
PA-42-720	Cheyenne IIIA	4	6
PA-42-1000	Cheyenne 400LS	1	3
PA-44-180	Seminole	0	0
PA-44-180T	Turbo Seminole	0	0
PA-T1040		0	0
TOTAL		110	169
	Manufacturers net billing – $26,650,000		
SHORT BROTHERS LTD.			
• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		2	12
TOTAL		2	12
	SINGLE-ENGINE	235	416
	MULTI-ENGINE	218	368
	GRAND TOTAL	453	784

UNIT SHIPMENTS COMPARATIVE TREND: 19 MANUFACTURERS

	2nd Quarter			Calendar Year to Date		
	1987	1986	1985	1987	1986	1985
Aerospatiale	16	28	10	47	43	*
Beech	78	56	92	130	109	146
British Aerospace	34	18	23	49	34	35
Britten-Norman	4	3	6	14	4	6
Canadair	7	3	1	9	4	2
Cessna	51	105	202	101	267	406
Dassault	2	6	7	11	10	13
De Havilland	15	14	11	20	20	18
Embraer	36	28	24	56	47	55
Fairchild	16	12	5	21	16	9
Gates	3	4	9	4	6	13
Gulfstream	12	15	13	17	8	26
Israel	5	3	0	5	5	0
Lake	8	10	6	10	12	11
Maule Air	14	17	24	35	32	41
Mooney	40	34	17	73	60	42
Partenavia	0	7	0	3	12	*
Piper	110	60	154	169	136	287
Short	2	4	2	1	11	6
TOTAL	453	417	606	784	836	1,148

* Figures not available

THE WEEKLY OF
BUSINESS AVIATION™
SEP 7, 1987

COMMENTS ARE DUE Sept. 9 on the National Business Aircraft Association's petition to FAA seeking an exemption for its members from the November 26, 1987 compliance date for installation of fire-blocking materials in the passenger cabins of Part 135 aircraft. FAA is expected to grant some relief from the regulation, but may require individual operators to apply separately rather than granting a blanket exemption.

AERO MECHANISM, a Chatsworth, Calif. manufacturer of avionics, said increasing requirements for use of altitude encoders in terminal control areas is boosting its encoder business. Because of an influx of new orders, the company said it has increased production from 100 units per month to 250 and expects to be building 500 units per month by yearend.

ANOTHER INDICATION that Elizabeth Dole may be leaving DOT is a recent series of sharply critical statements about Congress. She accused legislators of publicly criticizing DOT and FAA for not doing enough about aviation safety, "and when the cameras are turned off, they cut our FAA budget request." Engaging in avoidable fights with members of Congress has not been a hallmark of her reign at DOT.

ALLIED-SIGNAL AEROSPACE, in a move reminiscent of Richard Ferris' substitution of Allegis for UAL, is considering elimination of the well-known Garrett and Bendix names from many of its products. The company previously announced a corporate restructuring plan (BA, Aug. 3/34).

FAIRCHILD AIRCRAFT BEING SOLD TO INVESTOR, MANAGEMENT GROUP

Fairchild Industries said last week it has reached agreement with a group of investors to sell Fairchild Aircraft Corp., the San Antonio, Tex.-based aircraft manufacturing firm. Purchaser is GMF Investments, a privately held company "formed to acquire companies with growth potential," according to Fred Kopko, one of the Los Angeles-based company's directors. GMF has ties to North American Ventures, the East Hartford, Conn. firm that previously acquired Butler International, including Butler Aviation (BA, Nov. 24/161).

The purchase of FAC also includes participation by senior management of the San Antonio firm, including FAC President Tom Smith. Smith said last week that "there will be no difference in the current structure of the company other than that we will not have a large Washington, D.C. company that is our master. We will be a small, independent company operating under existing management." Smith added that while GMF would essentially own FAC, GMF officials are not motivated toward taking over an operating role in the company. "We will be free to make our own decisions," Smith said.

GMF purchase includes Fairchild's Gen-Aero modification operation in San Antonio and Fairchild Aircraft Service Division in Crestview, Fla. Fairchild Industries also is selling some non-aviation assets of its General Industry business segment and said it expects to receive a total of $75 million. Most of that amount is expected to come from Fairchild Aircraft. Closing of the agreements is anticipated by the end of October.

Agreement with GMF, if successfully concluded, will end a long-term search for a buyer for Fairchild Aircraft. Fairchild Industries was close to an agreement with Italian manufacturer Aeritalia earlier this year, but that deal fell through, apparently because the firms could not reach agreement on assignment of liability for the existing fleet of Fairchild Metro and Merlin aircraft (BA, June 15/195).

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STATUS OF AIRPORT & AIRWAY TRUST FUND

JUNE 30, 1987

	CURRENT MONTH	FISCAL YEAR TO DATE
I. BALANCE - BEGINNING OF PERIOD	$ 9,364,784,334.86	$ 8,525,199,213.60
II. RECEIPTS:		
A. Excise Taxes (Transferred from General Fund):		
Any liquid fuel except gas	6,037,000.00	54,598,000.00
Tires used on aircraft	0.00	0.00
Tubes used on aircraft	0.00	0.00
Gasoline		
1. Commercial 9 cents tax	225,000.00	2,025,000.00
2. Non-commercial 9 cents tax	1,598,000.00	23,567,000.00
3. Non-commercial 3 cents tax	533,000.00	8,008,000.00
4. Transp by air,seats,berths,etc.	278,482,000.00	2,025,269,000.00
Use of international trav fac	8,821,000.00	66,092,000.00
Transp of property and cargo	15,604,000.00	118,623,000.00
Total Tax Receipts	311,300,000.00	2,298,182,000.00
B. Less Reimbursement to General Fund - Refund of Taxes and Estimated Tax Credits :		
1. Civil aircraft	0.00	1,820.00
2. Any liquid fuel except gas	0.00	3,322,530.00
3. Gasoline -Retailer's tax	900,000.00	2,902,180.00
4. Gasoline -Manufac. tax	0.00	270.00
Total Reimburse For Tax Refunds	900,000.00	6,286,800.00
Net Tax Receipts	310,400,000.00	2,291,895,200.00
C. Interest on Investments	445,162,126.25	869,374,696.48
Net Receipts	755,562,126.25	3,161,269,896.48
III. EXPENDITURES :		
A. Federal Aviation Administration :		
1. Operations	90,000,000.00	502,746,990.25
2. Grants-in-aid for airports	58,244,787.70	648,054,797.40
3. Facilities & equipment	50,042,110.14	585,867,580.52
4. Research engineering & development	10,696,725.02	123,920,303.66
B. NOAA weather services	7,250,550.00	21,750,000.00
C. Interest on Refund of Taxes	0.00	17,150.00
Total Expenditures	216,234,172.86	1,882,356,821.83
IV. BALANCE - END OF PERIOD	9,904,112,288.25	9,904,112,288.25

ASSETS :		
Undisbursed Balances:		$
Airport & Airway Trust Fund	692.38	
Operations	-1,625.59	
Grants-in-aid for Airports	-7,229,067.08	
Facilities & Equipment	12,527,978.78	
Research Engineering & Development	4,194,309.76	
NOAA weather services	0.00	
		$ 9,492,288.25
Investments :		
U.S. TREASURY CERTIFICATES OF INDEBTEDNESS:		
8-5/8% maturing June 30, 1988	$ 9,894,620,000.00	
		9,894,620,000.00
Total Assets		9,904,112,288.25
LIABILITIES:		0.00
EQUITY:		
Excess of Assets over Liabilities		$ 9,904,112,288.25
Total Liabilities and Equity		**9,904,112,288.25**

10/13/87 C6240-1

THE WEEKLY OF
BUSINESS AVIATION™
OCT 12, 1987

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AN ADVISORY CIRCULAR prohibiting the use of approximately 300 instrument approaches at 160 U.S. airports (BA, Dec. 1, 1986/169) will be cancelled by FAA. The controversial AC would have prohibited the use of instrument approaches at airports in areas of precipitous terrain unless an altimeter setting was obtained from within five miles of the airport. FAA decided to cancel the AC, which was never implemented, because the agency is at least a year away from completing a related meteorological study.

NATIONAL TRANSPORTATION SAFETY BOARD staff is working on a special safety study of Emergency Medical Service Helicopter Operations. Study is expected to be ready for discussion by NTSB members late next month.

FAA ADMINISTRATOR Allan McArtor will have more freedom to spend FAA funds than his predecessors did. At McArtor's request, in one of her final acts as DOT Secretary, Elizabeth Dole signed a memorandum designating the FAA Administrator as the source selection official on FAA contracts of up to $150 million. Former FAA Administrators had to get DOT approval to sign any contract in excess of $2 million. New policy, which is expected to be formally implemented soon, will apply to contracts involving programs previously approved by DOT.

DESPITE CRITICISM, SENATE CONFIRMATION OF BURNLEY IS EXPECTED

James H. Burnley IV, who has developed a reputation for confrontation and controversy while serving as deputy secretary of transportation, appears likely to win Senate confirmation for the top DOT job despite his negative image. President Reagan nominated Burnley last Thursday to succeed Elizabeth Dole as DOT Secretary. He also nominated Mary Ann (Mimi) Dawson, a former chief of staff for Sen. Bob Packwood (R-Ore.) and now a member of the Federal Communications Commission, to be deputy secretary.

Senate Commerce Committee Chairman Ernest Hollings (D-S.C.), whose committee will hold confirmation hearings on Burnley, said yesterday that he expected an "uneventful" confirmation, but Sen. Wendell Ford (D-Ky.), chairman of the Senate aviation subcommittee, said Burnley has "burned so many bridges" with members of Congress in previous disputes that his confirmation may be delayed. Sen. Nancy Kassebaum (R-Kan.), ranking Republican on the aviation subcommittee, also expressed concern that Burnley's nomination could be "contentious," but said she expected him to be confirmed.

Burnley's selection is a victory for former Secretary Elizabeth Dole and the presidential campaign of her husband, Sen. Bob Dole (R-Kan.). Dole fought hard for Burnley in an effort to minimize the number of changes made to her policies as secretary. Attorney General Edwin Meese also worked for Burnley's nomination, while Vice President George Bush advocated the nomination of Wendy Gramm, administrator of the Office of Information and Regulatory Affairs at the Office of Management and Budget. Legislators wanted the new secretary to have transportation experience but they also expressed doubts about Burnley's ability to work with Congress.

While it's expected Burnley will eventually be confirmed, hearings on his nomination are likely to be marked by spirited attacks by Senate Democrats on the Reagan Administration's transportation

(Continued on the following page)

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SENATE CONFIRMATION (Cont.)

policies. Senate aviation subcommittee Chairman Wendell Ford (D-Ky.) warned that Burnley "cannot run the department if he approaches future situations as he has approached the ones in the past that I have been associated with. He has burned so many bridges behind him, it would be a Corps of Engineers 100-year project to rebuild them." Ford added, "He seems, however, to be afflicted with confirmation conversion. The confirmation process would be very slow if I had my way."

Burnley met Thursday with Sen. Frank Lautenberg (D-N.J.), chairman of the transportation appropriations subcommittee, for the second time since his name has been under consideration for the post, in an attempt to win the senator's support for nomination. Burnley and Lautenberg have had a particularly acrimonious relationship in the past. Following the meeting, Lautenberg criticized Burnley, but said he will not oppose the nomination because he recognizes the importance of the job and the need to address critical transportation issues. Lautenberg said the Burnley nomination has presented "some serious problems. Burnley has had significant responsibilities at DOT in aviation and other areas which have been managed badly." He also said that DOT has "not been forthright in analyzing and discussing these issues, and DOT officials have been under the weight of the Office of Management and Budget rather than making the case for sound transportation policies." Lautenberg added, "Also of great importance is the question of temperment and disposition."

Kassebaum said Burnley is familiar with the important transportation issues and "will bring a sense of continuity to DOT at this critical time." She said, however, that "I believe this nomination will be a contentious one, not to the point that I think he will be defeated, but it could be a lengthy process. I hope these problems are behind us now and that Burnley can be confirmed quickly."

Burnley served as DOT general counsel before taking over as deputy secretary in 1983 and has been in charge of day-to-day operations at DOT since that time. A graduate of Yale and Harvard Law School, Burnley was attempting last week to neutralize criticism of his actions at DOT. In addition to meeting with key Senators who have been critical of him, Burnley met with John Baker, president of the Aircraft Owners and Pilots Association, for what Baker termed a "frank and constructive" conversation. AOPA had been poised to oppose Burnley's nomination, but Baker said he was "encouraged by the meeting. I am not ready to publicly endorse his candidacy, but I did pledge to keep an open mind as the nomination moves to the Senate..."

Baker said specific issues he had raised with Burnley included "micromanagement of the FAA, the crisis in confidence in aviation, failures to rebuild the controller workforce, mounting delays for the NAS Plan and lack of meaningful communication before DOT actions." Baker said that those problems in the past "have resulted in unwarranted and unfair departmental actions aimed almost exclusively at general aviation, without addressing real problems of safety and efficiency." Baker said Burnley "assured me that he understood our concerns and wanted to work closely with us on the broad range of aviation issues. He said we could expect to see changes in how the department is managed and operated, both in terms of communication and its relationship with modal administrations, and in its attitudes toward general aviation."

USED JET SALES DOWN SLIGHTLY, BUT MARKET STILL STRONG -- Sales of used business jet aircraft are down slightly compared to the past three years, but the used jet market is still strong, according to an analysis by W. Barry Smith Enterprises, a Dallas, Tex. aircraft brokerage firm. Smith said that during the first eight and one-half months of 1987, 563 used business jets changed hands, compared to the following totals during the same periods in 1984-1986: 1984-604; 1985-615; and, 1986-610.

Smith said the trend toward acquiring used aircraft instead of new models began during the recession in the early 1980s and has continued because of the sharp price differential between new and used models, with used planes outselling new ones by four or five to one over the past four years. Smith said there is no new technology available for manufacturers to significantly improve the performance of their products and noted there is still an inventory of over 800 used aircraft available for sale. Based on those factors he projected that used jets will continue to outsell new models for another three to five years. A breakdown of used jet sales by model and number is reprinted on the back of Page 115.

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W. Barry Smith Enterprises, Inc.

U.S. USED BUSINESS JET SALES
JANUARY 1, 1987 THRU AUGUST 15, 1987

(End User to End User Only. Financial Restructuring and Dealer Inventorying Transaction Eliminated From Count)

BAC 111/400 & 200	8		
BOEINGS (707,727,737) & DC-9	11		
Airliner Total:		19	3.34%
CHALLENGER 600 (AVCO ENGINES)	4		
CHALLENGER 601 (GE ENGINES)	1		
Challenger Total:		5	0.89%
CITATION 500/I/ISP	85		
CITATION 550/II/IISP/IIS	56		
CITATION 650/III	6		
Citation Total:		147	26.1%
DIAMOND I/IA/BEECHJET	14		
Diamond Total:		14	2.49%
FALCON 10/100	19		
FALCON 20/200	36		
FALCON 50	6		
FALCON 900	-		
Falcon Total:		61	10.8%
GULFSTREAM II/IIB	16		
GULFSTREAM III	3		
GULFSTREAM IV	-		
Gulfstream Total:		19	3.34%
HS 125 1A/3A/400	22		
HS 125-600	2		
HS 125 RETROFITTED WITH TFE 731 ENGINES	9		
HS 125-700	19		
HS 125-800	3		
HS 125 Total:		55	9.77%
JETSTAR -6 & -8	2		
JETSTAR II & 731 RETROFIT	14		
JetStar Total:		16	2.84%
LEAR 23, 24, 25, 28, 29 (ALL ALPHABET MODELS)	66		
LEAR 35 & 36	61		
LEAR 55	9		
Learjet Total:		136	24.2%
SABRELINER 40	12		
SABRELINER 60	15		
SABRELINER 65	4		
SABRELINER 75	2		
Sabreliner Total:		33	5.86%
JET COMMANDER 1121 & 1123	29		
WESTWIND: 1124, I, II, ASTRA	29		
Westwind Total:		58	10.3%

1987 YEAR-TO-DATE TOTAL: 563

COMPARISONS WITH SAME TIME PERIOD IN PREVIOUS YEARS:
1984: 604 1985: 615 1986: 610 1987: 563

THE WEEKLY OF
BUSINESS AVIATION™

OCT 19 1987

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SEN. ERNEST HOLLINGS (D-S.C.) appears serious about movement toward a re-regulated aviation system. Speaking last week at the first of three hearings scheduled through November on the matter, Hollings said "plain and simple, the fact is economic pressures brought about by deregulation have eroded the margin of safety in the skies. As long as I am chairman, I will accept no knee-jerk reactions against the possibility of reimposing Government regulations in the interest of safety."

FAA ADMINISTRATOR Allan McArtor refuted charges that claim there is an erosion of safety caused by deregulation. McArtor said the crisis was not one of safety, but one of public confidence, adding his "Impact '88" program is designed to deal with that problem. McArtor said if he ever felt traffic growth stemming from deregulation presented a safety risk "I would take action this afternoon."

INCREASED FUNDING for safety improvements at small airports was requested of Congress last week by the Regional Airline Association, which also requested more use of aviation trust fund money to improve access to hub airports through additional runways and precision approach aids.

PIPER TO OFFER TURBINE-POWERED, SINGLE-ENGINE MALIBU

Piper Aircraft Corp. will develop a turbine-powered version of its six-seat Malibu single-engine aircraft, M. Stuart Millar, Piper president said last week at the Aircraft Owners and Pilots Association. Aircraft, which will be priced at $698,000, fully IFR equipped, will be scheduled for delivery in 1989 following an extensive flight certification program.

Aircraft will be powered by the Pratt & Whitney PT6A 11 engine. Aircraft weight will be 4,400 pounds. Initial rate of climb through 15,000 feet will exceed 1,500 FPM with climbing time to the certified altitude of 25,000 feet just under 18 minutes. Maximum cruise will be obtained at 25,000 feet and is targeted for 240 knots, Piper said. Millar said the aircraft is "a direct response to the input Piper has received from its customers since the piston-powered Malibu was introduced in 1984." He said while the existing Malibu airframe will be used, the project "will require an extensive flight certification program which should begin within the next few months." Orders for the aircraft will be taken beginning in January. Progress of the certification program will be included in a quarterly Piper newsletter scheduled to begin publication by yearend, Millar said.

SENATE APPROPRIATIONS SETS FINAL FUNDING LEVELS

Senate Appropriations has recommended the establishment of "aviation safety indicators" to "end the protracted polarized debate over the margin or level of safety in air traffic operations." In its report on fiscal 1988 Transportation Department appropriations legislation (H.R.2890), the Committee directed the Federal Aviation Administration to "initiate development of the standards not later than 60 days after the enactment of this legislation." Standards should be able to be used "with confidence to measure the safety performance of FAA's air traffic operations on a consistent basis over time," the Committee said. In developing the standards, Appropriations said FAA should consult with the National Transportation Safety Board, the Aviation Safety Commission, representatives of the aviation system user community and other organizations with "pertinent expertise."

Overall final funding levels in the Senate appropriations bill are lower than those allowed by the

(Continued on the following page)

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BUSINESS/PERSONAL AIRCRAFT INDUSTRY – THIRD QUARTER UNIT SHIPMENTS

		3rd Quarter 87	Cal. Year
AEROSPATIALE GENERAL AVIATION			
• Single-Engine			
TB-9	Tampico	3	6
TB-10	Tobago	11	25
TB-20	Trinidad	3	30
TB-21	Trinidad TC	0	3
R235		0	0
TOTAL		17	64
BEECH AIRCRAFT CORP.			
• Single-Engine			
BE-C23	Sundowner	0	0
BE-C24R	Sierra	0	0
BE-F33A	Bonanza	26	73
BE-F33C	Bonanza	1	1
BE-A36	Bonanza	12	35
BE-36TC	Bonanza	3	7
• Multi-Engine			
BE-58	Baron	8	13
BE-58P	Baron	0	1
BE-76	Dutchess	0	3
BE-C99	Airliner	0	0
BE-C90-1	King Air	5	10
BE-F90-1	King Air	0	1
BE-200	Super King Air	8	23
BE-200C	Super King Air	0	1
BE-300	Super King Air	11	27
BE-200T	Super King Air	0	0
BE-1900C	Commuter	4	9
Beechjet 400		7	11
Diamond IA		0	0
TOTAL		85	215
Manufacturers net billing – $96,417,581			
BRITISH AEROSPACE			
• Multi-Engine			
BAe	Jetstream 31	12	40
BAe 146		6	15
HS-125 Model A		3	11
HS-125 Model B		3	7
TOTAL		24	73
PILATUS BRITTEN-NORMAN			
• Multi-Engine			
BN-2B	Islander	0	0
BN-2T	Islander	5	17
Mark III	Trislander	0	2
TOTAL		5	19
CANADAIR			
• Multi-Engine			
CL-600	Challenger	0	0
CL-601	Challenger	4	13
TOTAL		4	13
CESSNA AIRCRAFT CO.			
• Single-Engine			
CE-152		0	0
CE-172	Skyhawk	0	1
CE-172RG	Cutlass	0	0
CE-182	Skylane	0	0
CE-182	Turbo Skylane	0	0
CE-182RG	Skylane RG	0	0
CE-182RG	Turbo Skylane RG	0	0
CE-U206	Stationair 6	0	2
CE-TU206	Turbo Stationair 6	0	0
CE-208	Caravan I	19	50
CE-210	Centurion	0	3
CE-T210	Turbo Centurion	0	0
CE-P210	Pressurized Centurion	0	0
• Multi-Engine			
CE-303	Crusader	0	0
CE-402		0	0
CE-406	Caravan II	4	7
CE-414	Chancellor	0	0
CE-421	Golden Eagle	0	0
CE-425	Conquest I	2	6
CE-441	Conquest II	0	6
CE-550	Citation I	0	0
CE-550	Citation II	6	9
CE-S550	Citation S/II	3	16
CE-650	Citation III	4	21
REIMS AVIATION			
• Single-Engine			
CE-F152		0	18
CE-F152	Aerobat	0	0
CE-F172	Skyhawk	0	0
TOTAL		38	139
AVION-MARCEL DASSAULT			
• Multi-Engine			
AD-My.10	Falcon	2	2
AD-My.20	Falcon	0	0
AD-My.200	Falcon	1	3
AD-My.50	Falcon	2	5
AD-My.900	Falcon	7	13
TOTAL		12	23
De HAVILLAND AIRCRAFT OF CANADA			
• Multi-Engine			
DHC-5	Buffalo	0	0
DHC-6	Twin Otter	0	1
DHC-7		0	1
DHC-8		6	24
TOTAL		6	26
EMBRAER			
• Single-Engine			
EMB-201	Ipanema	9	20
EMB-711	Corisco	1	1
EMB-712	Tupi	1	2
EMB-720	Minuano	2	6
• Multi-Engine			
EMB-110	Bandeirante	3	7
EMB-120	Brasilia	10	23
EMB-121	Xingu	1	2
EMB-810D	Seneca II	4	22
EMB-820		1	1
EMB-821	Carajah	1	5
TOTAL		33	89
FAIRCHILD AIRCRAFT CORP.			
• Multi-Engine			
Merlin III-C		0	0
Fairchild 300		0	0
Merlin IV-C		0	0
Metro III		3	24
Expediter		0	0
TOTAL		3	24
GATES-LEARJET			
• Multi-Engine			
LR-35A		5	7
LR-36A		0	0
LR-55		1	3
TOTAL		6	10
GULFSTREAM AEROSPACE			
• Multi-Engine			
G-1159A	Gulfstream III	*	6
G-1159C	Gulfstream IV	*	11
TOTAL		*	17
ISRAEL AIRCRAFT INDUSTRIES			
• Multi-Engine			
1124	Westwind 1	*	4
1124A	Westwind 2	*	0
Astra		*	1
TOTAL		*	5
LAKE AIRCRAFT			
• Single-Engine			
LA-4-200EP		0	2
LA-250	Renegade	6	14
TOTAL		6	16
MAULE AIR INC.			
• Single-Engine			
M-5-180C		1	4
M-5-200		0	0
M-5-235C	Lunar Rocket	0	2

		3rd Quarter 78	Cal. Year
M-6-235		2	4
MX-7-180	Super Rocket	1	4
M-7-235	Super Rocket	3	13
MX-7-235		1	16
TOTAL		8	43

Manufacturers net billing — $448,816

MOONEY AIRCRAFT CORP.

• Single-Engine			
M-20J	201 Lean Machine	9	26
M-20J	205	11	33
M-20K	252	13	47
TOTAL		33	106

PIPER AIRCRAFT CORP.

• Single-Engine			
PA-28-161	Warrior	*	13
PA-28-181	Archer II	*	25
PA-28-236	Dakota	*	12
PA-28RT-201T	Turbo Arrow IV	*	18
PA-32-301	Saratoga	*	15
PA-32R-301	Saratoga SP	*	6
PA-32R-301T	Turbo Saratoga SP	*	2
PA-46-310P	Malibu	*	33
• Multi-Engine			
PA-31-350	Chieftain	*	0
PA-31-500	Cheyenne IA	*	1
PA-31-620	Cheyenne IIXL	*	2
PA-34-220T	Seneca III	*	33
PA-42-720	Cheyenne III	*	0
PA-42-720	Cheyenne IIIA	*	6
PA-42-1000	Cheyenne 400LS	*	3
PA-44-180	Seminole	*	0
PA-44-180T	Turbo Seminole	*	0
PA-T1040		*	0
TOTAL		*	169

SHORT BROTHERS LTD.

• Multi-Engine			
SBJ-CS-7	Skyvan	0	0
SD-3-30		0	0
SD-3-60		3	15
TOTAL		3	15
	SINGLE-ENGINE	138	554
	MULTI-ENGINE	145	512
	GRAND TOTAL	283	1,066

UNIT SHIPMENTS COMPARATIVE TREND: 18 MANUFACTURERS

	3rd Quarter			Calendar Year to Date		
	1987	1986	1985	1987	1986	1985
Aerospatiale	17	24	13	64	71	48
Beech	85	78	77	215	186	223
British Aerospace	24	21	15	73	49	54
Britten-Norman	5	2	1	19	6	7
Canadair	4	6	4	13	10	5
Cessna	38	136	311	139	403	717
Dassault	12	3	1	23	13	14
De Havilland	6	6	8	26	26	31
Embraer	33	24	39	89	71	88
Fairchild	3	8	8	24	24	17
Gates	6	5	4	10	12	17
Gulfstream	*	4	17	17	12	43
Israel	*	4	2	5	9	8
Lake	6	6	7	16	18	18
Maule Air	9	12	24	43	44	65
Mooney	33	13	7	106	79	59
Piper	*	*	114	169	136	401
Short	3	3	6	15	14	14
TOTAL	283	355	658	1,066	1,183	1,821

* Figures not available